

NEWS SUMMARY

German Interior Minister resigns

Herr Werner Maihofer, West Germany's Interior Minister, resigned yesterday, taking responsibility for errors in the hunt last year for the kidnapers of Dr. Hanns-Martin Schleyer, the industrialist.

His action comes two days after his Free Democratic Party suffered a severe setback in provincial elections. Herr Maihofer's misfortunes in office are felt to have contributed to his party's reversal. Back Page

Gilts waver on bank figures

STERLING closed 35 points up at \$1.8240 after favourable market reaction to UK mid-May banking figures. The pound's trade-weighted index was 61.3 (61.1) and the dollar's depreciation was unchanged at 5.4 per cent.

GILTS were unsettled after the banking figures became known. The Government Securities Index closed 0.04 up at 68.83.

EQUITIES recovered despite a low volume of trade. The FT 30-Share Index, edged higher to close 3.2 up at 477.7.

GOLD closed \$11 down at \$181.1 in London, after weakening in response to a firmer dollar.

Italian killing

Three terrorists, one a woman, shot dead a jail warden in a street in the Italian town of Udine. In Rome, three more suspected urban guerrillas were charged with complicity in the kidnapping and murder of Sig. Aldo Moro, the former Premier, taking the number charged to five, Page 3

Troops for Zaire

The U.S. is preparing to fly troops from Gabon and Senegal to join the Moroccan force sent to defend Zaire's Shaba province against any further rebel invasion. President Reagan has ordered the U.S. to send 1,000 troops to Zaire, for talks with President Mobutu, who has accused the Zambian leader of allowing rebels to pass through his territory. Page 4

Desai in London

Mr. Morarji Desai, Indian Prime Minister, has arrived in Britain on a three-day visit, during which he will have talks on trade, race relations and nuclear energy. Defending his government's performance in its 14 months in office, he said India had come out of a nightmare into the clear light of the rule of law.

Slow recovery

Princess Margaret is making a slow recovery from her illness and her doctors have advised her to undertake a strictly limited number of public engagements for the time being. Kensington Palace said. The 47-year-old princess went down with gastroenteritis and mild hepatitis six weeks ago.

Living alone

More and more people in Britain are living alone as old-style family ties loosen, according to a General Household Survey. Young people are leaving home earlier, more marriages are ending in divorce and old people who would once have attached themselves to their children's families are more often left to live alone. Society today, Page 23

Act of God

Rev. Edward Bland, 63, who ruptured an aortic aneurysm while walking home from an air service in Lancashire, has become the first clergyman in Britain to draw sickness benefit for an industrial injury while on parish duty. His claim to the Health Department detailed loss of earnings—six funerals at £7 a time, an £8 wedding and six cremation services in one month alone.

Briefly...

Italy beat Hungary 3-1 in their World Cup Group One match. Hundreds of servicemen's wives marched through London to protest about their husbands' pay. Bas careered over people sleeping on a footpath in Calcutta, killing six and injuring five.

CHIEF PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

Excheq. 3 1/2p 82 A...	5	United Carriers	50	+11
Excheq. 3 1/2p 1988...	1	Usher-Walker	58	+8
Comet Radiovision...	132	Oil Exploration	256	+18
Fay (Norman)	55	Minerals	225	+2
Heron Motor	130	Siebens (UK)	385	+25
McDonald Martin Dist.	450	Harrisons Mal. Ests	96	+6
Marchwell	310	Warren Plantations...	234	+12
Metal Box	312	Minors	190	+8
P & O Dtd.	100	Yukon Cons.	173	+5
Phillips Lamp	36			
Rank Org.	280			
Savoy Hotel A	57			
Thomson Org.	255			

COMPANIES

STEYR - DABLER - PUCH, Austria's largest private industrial entity, reported a 17 per cent sales increase during the first quarter of this year, compared with a 9 per cent rise for the whole of last year. Page 31
METAL BOX South Africa, 58.5 per cent owned by Metal Box UK, reported an improvement in net operating income for the year to March 31. This rose from R10.9m to R13.3m (about £7.6m). Page 33
TADIRAN, Israel's largest electronics company, raised its net profit last year by 61.4 per cent to £127.7m (£3.6m). Page 35

Schmidt leaves way open for package deal on growth

BY JONATHAN CARR: BONN, JUNE 6

West Germany has no immediate plan for further steps to try to boost the economy, Chancellor Helmut Schmidt said today. At the same time he left the door open for a decision on new measures this summer.

His remarks, in an interview with the West German news agency DPA, strengthened the view that Bonn may now be ready to seek more growth as part of a package deal with its main trading partners.

Other key elements in the deal would include firm steps by the U.S. to cut oil imports, a pledge by Bonn's partners to resist protectionist pressures, and renewed efforts to counter currency unrest.

The whole could be tied up at the western economic summit conference here on July 16 and 17.

Herr Schmidt did not directly refer to such a deal. But he did cite energy, protectionism and currency matters—as well as efforts to improve economic co-operation between the developed and developing world—as major, inter-related problems to be covered at the summit.

In particular, he wished President Carter success with his energy-saving programme—stressing that the President had the power to step in himself if Congress refused to act. He expected the U.S. would make clear at the Bonn summit that it favoured the scheme to

Better

On the German economy, Herr Schmidt stressed that the emphasis should be laid on medium and long-term strategy rather than short-term efforts which provided only an inflationary boost.

He wanted to wait for the statistics on the economy's performance in the second quarter of the year, believing that these would be better than those for the first three months.

Dr. Oskar Emminger, President of the Bundesbank, has just given a similar view. He thought

Inflation should stay in single figures—Callaghan

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN told the Commons yesterday that the Government's policy should ensure that the inflation rate never returned to double figures.

The Prime Minister predicted that the rate would hover for some time between 7 and 8 per cent.

"I would like to see it come down but I doubt if that is likely," he said.

But the Government's fiscal and monetary policies, together with some moderation in wage settlements, should ensure that it was kept under control.

"I don't see any reason, if we carry out our policies, why it should ever get back to double figures," he declared.

Mr. Callaghan told MPs that though an increase in the mortgage rate would be regrettable, the Government would not intervene in any building societies' decision.

"It is important that they maintain their own balances properly," he said.

The Prime Minister's emphasis on keeping inflation within single figures reflects his concern that the Conservatives should not gain political advantage from any small increase in the retail

price index during a possible General Election campaign this autumn.

The Government expects the inflation rate to fall again to about 7.5 per cent this month and about 7 per cent in July and August.

In the autumn the retail price index is likely to fluctuate between 7 and 8 per cent, say Government forecasters.

Ministers intend, therefore, to reassure the voters that an inflationary upsurge is unlikely to follow any small monthly increase in the index. They also intend to explain fully the effects of various influences on the index.

While this action to protect the Government's position in an autumn election is being taken, Mr. Callaghan has told colleagues that he will not decide the date of the General Election until August.

The Prime Minister, reported to be anxious to avoid suspicion of gimmicks or running to the country at the first favourable

Land Securities revalues property

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

LAND SECURITIES Investment Trust's investment properties increased in value by £167m last year. A sample valuation of the world's largest property company revealed a 21.6 per cent rise in values since March 1977, enough to push the value of its property holdings to £993.5m.

This sample valuation, which has not been incorporated into the group's accounts, confirms the dramatic recovery in property investment values in the past year.

Although Knight Frank and Rutley, Land Securities' valuers, notes an easing of property values since the March year-end, the 1978 revaluation to

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Minister calls in petrol chiefs

By Elinor Goodman, Consumer Affairs Correspondent

MR. ROY HATTERSLEY, the Prices Secretary, has asked to see the heads of all the big oil companies to discuss the petrol price rises which resulted from the companies' reducing their financial support to some garages.

The Minister is clearly worried about implications for the retail prices index, and wants to know more about the reasons behind the oil companies' latest moves.

A series of meetings is expected to be held over the next few days with executives of the individual companies.

The two sides will presumably see things differently. While Mr. Hattersley would like to see petrol prices kept to a minimum, the oil companies would eventually like to end the forced price-cutting war.

Last week, Esso wrote to many of its dealers telling them that it was withdrawing a large part of the support aid which has enabled them to cut several pence off the scheduled price of petrol.

The move has resulted in increases of a penny or two a gallon in many garages—particularly in urban areas where price cutting has been most intense. The other major oil companies are following suit.

Temporary

The oil companies did not give the Prices Commission advance warning of their action because they did not consider that a reduction in what they regarded as a temporary support programme for dealers fell within the Commission's jurisdiction.

Since then, the Commission has raised the matter with Esso, but it seems to have concluded for the time being that there is nothing it can do about the rises.

Mr. Hattersley could, however, presumably make a sectoral reference of all the oil companies to the Commission.

Alternatively, he could, perhaps, try to get a voluntary assurance from the companies about future price rises as he did from the brewers.

In spite of last week's reduction in dealer support, the oil companies will go on contributing almost 2p a gallon to some dealers' prices.

£ in New York

	June 6	Previous
Spot	\$1.8190-8190	\$1.8200-8200
1 month	0.40-0.45 ds	0.43-0.48 ds
3 months	1.01-1.04 ds	1.03-1.05 ds
12 months	5.40-5.50 ds	5.40-5.50 ds

Money supply growth rate is slower

BY MICHAEL BLANDEN

THE GROWTH of the money supply slowed down last month, in late dealings last night the first of the new financial year, after the sharply excessive figure recorded in April.

The latest banking figures suggest that, in the month to mid-May, the increase in the sterling money stock on the wider definition (M3) was substantially lower than the previous month's rise of 2.4 per cent.

The growth may still have been, however, at or above the top end of the official target range for the current year. This was fixed in the Budget at an increase in sterling M3 of 8.2 per cent subject to adjustment after six months.

This was a slight reduction from the 9.13 per cent range set for the past year to mid-April, which in the event was substantially exceeded with a growth of sterling M3 over the year of 10.1 per cent.

The banking figures also indicated a marked upsurge in bank lending, apparently associated with the rise in the money supply. This increase, coupled with the continuing difficulties being encountered by the authorities in selling gilt-edged stock to fund though on a smaller scale than requirement, is causing growing concern over the expansion of domestic credit.

In his recent letter of intent to the International Monetary Fund, Mr. Denis Healey, the Chancellor of the Exchequer, affirmed his determination to a rather smaller increase of 1 per cent in the money stock within a limit of £8bn in the liabilities, but a substantial rise in the money stock was reported that their sterling advances to the U.S. market, where, after showing

BTR move into U.S.

BY DAVID LASCELLES IN NEW YORK AND MARGARET REID IN LONDON

BTR, the British engineering group, is buying a 32 per cent stake in Worcester Controls Corporation, the U.S. valve concern alternatives with a merchant which owns Worcester Controls bank. He and his brothers Ken of the UK, and will bid for the rest of the shares at the same price, \$50 a share. The terms obtained.

Last night's announcement that BTR had reached agreement for the sale to it of the 32 per cent holding—including the three British Norris brothers, shares of Mr. Robert McCray who own 13 per cent of the and other officials of Worcester capital of the U.S. company, of Controls Corporation—followed which they are all vice-presidents several days of tense discussions, dents, and who run the British BTR. The opposition of the Norris more than half the Worcester group's turnover.

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EUROPEAN NEWS

Spain has \$76m. current account surplus in April

BY ROBERT GRAHAM

MADRID, June 6.

SPAIN'S current account balance of payments achieved a \$76m surplus in April. This is the best monthly figure this year and further evidence that on the external front at least the Government's economic measures are working.

The turnaround in the current account has been striking. During the same month last year a \$439m deficit was recorded. The figures for the first four months are even more impressive: the current account deficit was \$72m against \$2,270m in the same period last year.

The improvement in the current account has caused a substantial rise in Spain's foreign reserves. According to provisional figures these reached a record \$7.2bn in May, compared with \$4.2bn in May, 1977.

In the first five months of this

year, reserves have increased by a monthly average of almost \$200m.

This had affected the peseta, which has now recovered some ground since the 22 per cent devaluation last July. The peseta has regained almost 9 per cent against the dollar, while it has appreciated over 5 per cent against other leading currencies.

The strong reserve position, combined with the continued low level of imports (only 2 per cent up in April), the maintenance of the upward trend in export earnings, and projections for a boom year for tourist receipts mean that the current account deficit for 1978 could be below the anticipated \$1.5bn, already a downward revision of an earlier projection.

Official estimates are that the healthy trend in tourist earnings and continued slack on the import side will push up reserves

to some \$5.5bn by the end of the summer.

This situation is producing an important reassessment of foreign borrowing policy. At the outset of the year the target for foreign borrowing was \$3.1bn. At the time some foreign bankers were beginning to show concern that this continued high level of foreign borrowing would substantially increase Spain's foreign debt to some \$15bn, and create a heavy debt service ratio.

Now Spain almost certainly will not need to borrow so much. More important, the Government is expected to avail itself of the opportunity to accelerate the repayment of some high-interest short-term debts. Meanwhile, more as a political gesture, the Government has decided to provide a \$25m credit to Peru as part of a \$85m special package with several Latin American countries to assist Peru's short-term liquidity problems.

Irish hope to reopen Ferenka factory

By Michael Lafferty

THE IRISH Government hopes to make an announcement about the re-opening of the former Ferenka steel cord factory in Limerick within the next 10 days. This was said in London yesterday by Mr. Raphael Burke, Ireland's junior Commerce Minister.

The Government has been making strenuous efforts to re-start work at the 20m Limerick plant ever since Akzo, the Dutch multinational, unexpectedly closed down its subsidiary operations in Limerick at the end of last year with a loss of 1,400 jobs. It was the biggest industrial shut-down ever experienced in Ireland.

While Akzo maintained that union troubles had contributed to its decision, the Irish Government claims that the closure arose largely from financial difficulties within Akzo itself.

Mr. Burke refused to reveal the identity of the foreign company which he hopes will take over Ferenka. He was in London yesterday for meetings with 300 senior executives from Britain's largest companies.

He also announced that Ireland is to spend \$350m on developing external and internal telecommunications and said that the Government had adopted "ambitious economic growth targets" to be achieved by 1990.

"For example, we plan to expand manufacturing employment by more than 20 per cent over that period, this, in turn, will require an estimated investment of £1.2bn in new manufacturing facilities."

A correspondent in Dublin writes: Mr. Desmond O'Malley, the Minister for Industry, Commerce and Energy, confirmed in Limerick tonight that he hoped to be in a position to make an announcement about the re-opening of the Ferenka plant within ten days. He told the Financial Times he was not in a position to give any further information. "Negotiations are still at a critical stage."

EEC to open Portugal negotiations

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

LUXEMBOURG, June 6

EEC FOREIGN Ministers agreed today to open "as soon as practically possible" formal negotiations with Portugal on its application to become a full member of the Common Market.

In practice, this is expected to mean that the talks will start in September or October, after the Community's summer break. This timing is acceptable to the Portuguese Government, which would like to link the start of negotiations with the publication of its new medium-term economic programme in the autumn.

Today's decision by the EEC Council of Ministers applies only to the principle of starting negotiations. The way in which these should be conducted, as well as proposals by the European Commission to enter the EEC at the same time, will be decided before the EEC entry, have yet to be decided.

It is still not clear how long the negotiations will last, and how the timing of Portugal's eventual accession to the EEC will relate to that of Greece, which has been negotiating to join for almost two years.

Dr. David Owen, the U.K. Foreign Secretary, said today that while it was important to treat each negotiation separately, it could be advantageous if Greece and Portugal were to enter the EEC at the same time, since this would minimise disruptions caused by the enlargement process.

But he acknowledged that it might be difficult to ensure that the admission of the two countries coincided, and said that the EEC should not attempt to fast-track such an arrangement, as the applicant countries against their will.

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Chances have improved of end to U.S. embargo, says Ecevit

BY METIN MUNIR

ANKARA, June 6.

MR. BULENT ECEVIT, the Turkish Prime Minister, returned to Ankara from the U.S. today with the impression that the chances of the embargo being lifted have improved considerably in the last few days.

The ban on arms supplies to Turkey was imposed by the U.S. Congress seven months after Mr. Ecevit ordered the Turkish army to Cyprus in the summer of 1974.

The embargo, ostensibly a punishment for Turkey's use of American arms in Cyprus, was also designed to press Ankara into making concessions in Cyprus. Turkey reportedly shut down all but one of the 26 American bases in Turkey and cancelling its defence pact with Washington.

Mr. Ecevit said he would be asked Congress to revoke the embargo. His motion was rejected by the Senate Foreign Relations Committee.

"I look at the days ahead with more confidence," Mr. Ecevit said. "His trip took him to Brussels, where he discussed NATO and EEC matters, and a Washington for the NATO summit."

In New York, where he addressed the UN session on disarmament, Mr. Ecevit met among Turkey's biggest creditors American bankers who are turning of his country's debt and the chances of obtaining fresh money.

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Lisbon takes action on compensation

By Jimmy Burns

LISBON, June 6

PUBLICATION IN the Portuguese gazette this week of a ministerial order signed by Dr. Vitor Gomes, Minister of Finance, will be the first sign that the Portuguese Government has decided to go beyond mere assurances to settle the problem of indemnities.

It was confirmed today that the order signed on the eve of Dr. Gomes's trip to the U.S. will mean that those companies or private individuals who have been compensated for assets and property lost after April 1974, will be able to apply for indemnification.

The next step is expected to be an analysis of claims. Portuguese banks, with a view to calculating how much is owed by the Government.

The procedure is expected to take several months and compensation will almost certainly be made in the form of bonds. Settlement of outstanding claims was promised by the alliance of Socialists and Christian Democrats in its programme last January, to re-establish business confidence and attract foreign capital.

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Central bank starts libel action

BY OUR OWN CORRESPONDENT

MADRID, June 6.

THE BANK of Spain has taken the unprecedented step of instituting legal proceedings against a Spanish newspaper for alleged publication of false information. The action follows publication of a series of articles in El Imparcial, a right-wing daily founded late last year.

All papers concerning the

demise of Banco de Navarra. The articles alleged that the Bank of Spain acted outside its authority in taking over Banco Cantabrico, and made further serious but unsubstantiated allegations against certain senior officials, regarding the incorporation of the collapsed bank into a specially formed "bank hospital"—the Corporación Bancaria—in which the Bank of Spain held 50 per cent of the equity and 108 banks held the rest.

Last week, it was revealed that on May 18 the Bank of Spain had lodged an action for alleged fraud against Sr. Alfredo Calle, the former chief executive and main shareholder in Cantabrico.

Apert from the Bank of Spain's action against El Imparcial, at least two of the bank's senior officials are understood to have lodged private actions for defamation against the newspaper.

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Stalemate in Poland-Vatican talks

BY CHRIS BOBINSKI

WARSAW, June 6.

FOUR YEARS after talks between the Polish authorities and the Vatican began, prospects for normalisation of relations between the two, his meeting is still remote. This is the conclusion to be drawn as Vati-Stefan Cardinal Wyszyński, both the Pope left Warsaw this morning after a two-week visit to Poland, state relations which followed.

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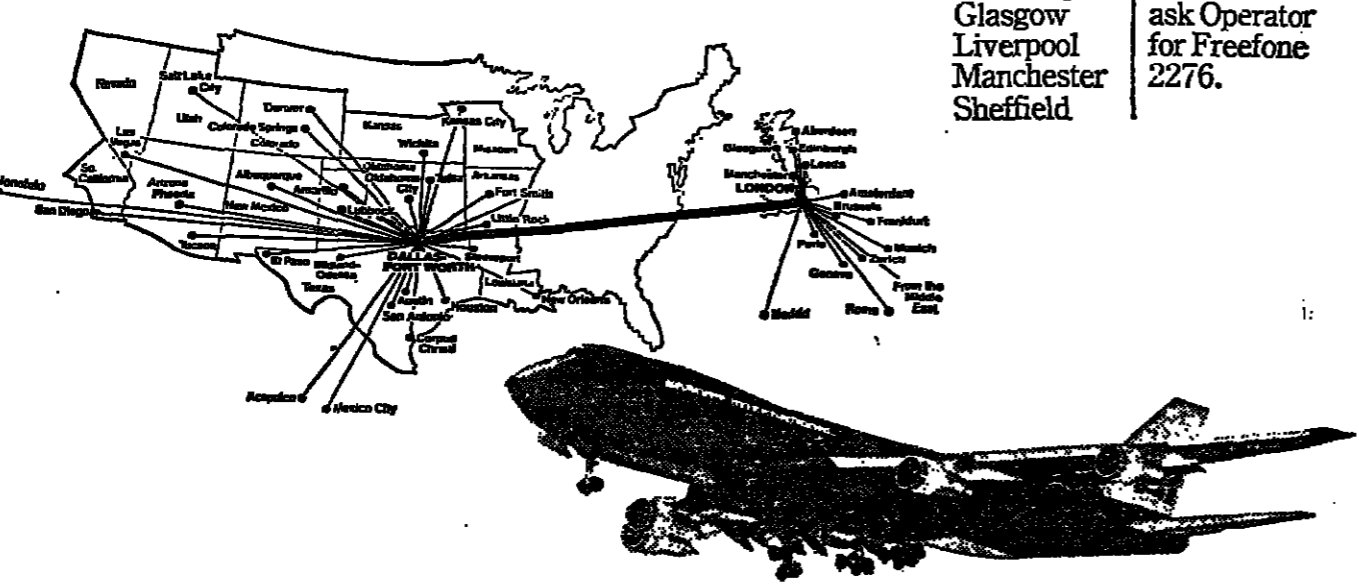
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Regilding the Golden Horn

BY METIN MUNIR

THE FERRY up the Golden Horn leaves from the Galata Bridge in Istanbul every two hours. It is a small, white, decked steamer of about 150 tons, built in Britain around 1910 when Istanbul was the capital of the Ottoman empire. At the turn of the century the shores of the Golden Horn, curving around the five-mile-long estuary, housed the city's commerce and night life as well as the residences of the wealthy European, Greek and Jewish merchants.

From a pavement display at Taksim Square near the new Intercontinental Hotel one can still buy old postcards of Constantinople more than 20 per cent over that period, this, in turn, will require an estimated investment of £1.2bn in new manufacturing facilities."

A correspondent in Dublin writes: Mr. Desmond O'Malley, the Minister for Industry, Commerce and Energy, confirmed in Limerick tonight that he hoped to be in a position to make an announcement about the re-opening of the Ferenka plant within ten days. He told the Financial Times he was not in a position to give any further information. "Negotiations are still at a critical stage."

Some 1.7m square metres around the estuary, a large proportion of the manufacturing industries, depots and dockyards of Istanbul. All of this activity is superimposed upon a nightmare of urbanisation. Virtually every amenity from roads to water and gas to sewage is inadequate. The traffic is among the most congested in Istanbul, which is saying something.

In 1975 the Ministry of Public Works commissioned from Istanbul's Bosphorus University a master project for rehabilitating the area. A large group of experts under Professor Semih Tezcan worked for two years and prepared a comprehensive project. It foresees an expenditure of \$64m (at 1977 prices) over 12 years for the complete rehabilitation of the area. A step towards paying our debt to history, the city and the country," as the 45-year-old professor of engineering put it.

His plan is to move the dockyards, industries and depots to other parts of Istanbul.

Professor Tezcan says that 60 per cent of the 700 businesses pulled in the Horn said that they would go voluntarily, so weary were they of the congestion and inefficiency.

Under the Tezcan plan \$22m would go towards expropriation. Of the rest \$15m would be spent on sewage, \$4.5m on new roads and \$2m on turning the region around Eyup Mosque into a park. The proposal is for a section of the estuary to be filled in to create grounds for a park. The Horn has turned into an open sewer, its environs have been swamped up by slums and industries.

Every year 2m tons of industrial and shipping refuse and sewage pour into the estuary, and it has long ceased to sustain fish and in some sections even plants. A dolphin which blundered into the Golden Horn from the Bosphorus recently was drowned.

Not only the water in the Golden Horn is filthy—the air above it is three times more polluted than the maximum acceptable international limit as defined by the World Health Organisation.

Restoring the Golden Horn to its ancient charm and functions has an appealing sound to Turkish ears. It would make sound economic and city planning sense as well.

In the derelict slums around the Golden Horn there live more than 1m people constituting more than a third of the population of the city. More than 3m tons of goods a year are handled by the maritime traffic in the estuary, or nearly one third of the whole traffic handled by the port of Istanbul, the country's biggest. Lorries transport another 8m tons a year to industrial sites in the area.

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considerably increase the revenues of the impoverished municipalities. The World Bank has promised funds for the city if a metropolitan plan can be produced. The Greater Istanbul Planning Office is working on it.

Meanwhile, the Golden Horn continues to decay but is still one of the most interesting sites in Istanbul despite the smell, the rotting hulks, and the mud banks.

Getting to a business appointment at the other end of the country or somewhere in Europe can be a tiring, frustrating and irritating hassle. And at the end of it all you have one or more top executives who have not only wasted valuable hours in transit but are also in a far from ideal condition to negotiate and take decisions vital to the company's future.

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EUROPEAN NEWS

French industry told not to 'abuse' price freedom

BY DAVID CURRY

PARIS, June 6.

THE FRENCH Government has notable exception despite the ample by causing the public at large to associate price freedom with price rises.

In addition to the new prices, the government has also taken measures to encourage the flow of savings from the public to the industrial sector, particularly in the form of the "Patronat" fund, which allows employers to deduct contributions from the salaries of their employees to finance industrial investment.

It has also complained that the state valuation of the dividends to 100 per cent, and the heavy subsidies on lending to industry, the Paris transport network, and the postal service not industry to reduce the real cost of borrowing for French companies.

Terrorists in Italy kill prison officer

By Paul Bett

ROME, June 6.

TERRORISTS shot dead a senior prison guard in the northern town of Udine today only 24 hours after Rome judicial authorities charged six people with alleged involvement in the kidnapping and murder of Sig. Aldo Moro, the former Prime Minister.

Two extreme left-wing groups, the Red Brigades and the so-called "Armed Proletariat" for "Communism" simultaneously claimed responsibility for the murder of the prison officer, Sig. Antonio Santoro.

Sig. Santoro was chief guard at Udine jail, where Red Brigades members have been held and which has recently been involved in a scandal concerning a drugs racket inside the prison.

WEST GERMANY'S MOONLIGHTING WORKERS

Black is profitable

BY GUY HAWTHIN IN FRANKFURT

WEST GERMAN bumper stickers tend to be of a practical bent—the sort that say: "If you can read this you are about to enter my exhaust pipe." What, indeed, could be more practical in a country which habitually drives with its foot firmly on the floor boards?

Unusual bumper stickers, therefore, tend to enrage themselves on the rural, such as the Christian Democrats' "Black election campaign exploitation of the national car identity sign which placed a small red 'C' and 'U' before and after the big bold 'D' for Deutschland."

However, one of the latest bumper stickers going the rounds is anything but subtle. Roughly translated, it says: "Cut out working 'black' and cut unemployment."

"Black work" or "Schwarzarbeit" is a major bone of contention even in a country where the unemployment rate stands at 4 per cent—its lowest level for four years. Schwarzarbeit is unofficial work which is not reported to the authorities and therefore is subject neither to income tax or VAT.

All of West German officialdom stands ranged against Schwarzarbeit—the Government, the unions, the employers' associations, the chambers of commerce, and the craftsmen's trade associations—but still it flourishes. It is, perhaps, ironic that, although the economic miracle has still not expunged grim stories of the black market cigarette economy that immediately followed the Second World war, in many respects it has provided fertile ground for a new black market in labour.

It is very hard to determine the amount of Schwarzarbeit that is undertaken. And it is virtually impossible to glean statistics on it. However, from statistics on it, however, it seems clear that the market is substantial and is one that probably seriously distorts the country's gross national product statistics.

There are few men with a skill to offer who would turn down the chance of working on the black. Indeed, many craftsmen

appear to do their best to channel work from the official sector to "Schwarz economy." Anybody who has attempted to get a simple, household maintenance job done, is rapidly disabused of the traditional image of the orderly, disciplined German worker.

Plumbers, electricians and builders all cheerfully quote long waiting times and high prices for official work. However, it is the rule rather than the exception that the householder will receive a broad hint that the job can be done much faster and far cheaper "schwarz."

However, the Schwarzarbeit system is an internal loss-making system to the householder bent on house improvements that can be charged against taxes. An acquaintance of mine has long tried to find a builder prepared to add an extension to his home so officially so that it can be charged against income tax.

So far, half-a-dozen small building concerns have been approached and all of them have quoted long waits and high prices, but pointed out that the job could be done "schwarz" sooner and cheaper.

For the man working "schwarz," there are many more advantages than mere tax savings. Although a tax-free income is obviously very attractive, West Germany's taxation rates are among the lowest in Europe, with the maximum rate at, to British eyes, a utopian 52 per cent.

A local craftsman, noted for his enthusiasm for Schwarzarbeit, told me: "It is not so much the tax saving. I do not pay my taxes on sitting on his backside. The real savings come in paper work. I am no scholar and I find the forms you have

to fill in all the time a real trial. I do not like the idea of working hard all day and then spending all evening on paper work to keep a load of bureaucrats in fat jobs."

Another incentive seems to be West Germany's thorough craft education system, which means that a young artisan can spend up to seven years to obtain his coveted "Meisterbrief" or master-craftsman's certificate which entitles him to supervise

tax man does not hear of their endeavours.

While Schwarzarbeit has an attractive Robin Hood ring about it, there is also a dark side, as the authorities are swift to point out. There is some evidence that it could be contributing to a breakdown in the famous German work morality.

Despite the fall in unemployment, there have been regular reports that workers have been by no means eager to return to work, and have tended to pick and choose from the jobs on offer. Herr Eberhard von Kuenheim, chief executive of BMW, the large motor manufacturer, has complained on many occasions that, despite high unemployment, his company has found it hard to recruit skilled labour.

An illustration of this came from a chap with whom I used to gossip in my old local pub in Frankfurt. He was an amiable rogue, who worked for the large local chemical company. I bumped into him just before Christmas and, naturally, asked him how he was getting on.

"Just got put on to short-time working," he said. "I'll only be doing two weeks in four. It seemed really hard luck at Christmas time and I told him, offering to buy him a beer. "What do you mean?" he said, losing that much. And, besides, think how much time I'll have for Schwarz."

This indicates that the trade union arguments that Schwarzarbeit costs honest workers their jobs does not enjoy entirely whole-hearted support. However, it does nothing to negate claims that it tends to erode both employers' profits and quality of work.

Certainly, moonlighters work for less than the hourly rates charged by the craftsmen who employ them, but even so they are usually earning rather more than their hourly wages. Besides, the financial man who offers them the job, despite the efforts of the trade associations to stop them.

Police clear out strikers occupying Renault plant

BY OUR OWN CORRESPONDENT

PARIS, June 6.

RIOT POLICE and gendarmes summer holidays for many cleared strikers from the heavy workers in sympathy action. The Renault motor company press shop at the Flins plant in the early hours of this morning, thinking on the same lines. They have doubled their appeals to the company to start talking its intention of standing firm and have called for little more than symbolic sympathy action. The Flins factory has been closed by the company until Thursday, making 20,000 workers idle. The strikers at Flins have the installed pickets to close the plant and presumably the company will call on the police to remove them if they do not depart voluntarily before tomorrow's deadline expires.

Renault needs to face down the strike action quickly. The Flins plant is the company's main assembly line for the Renault 16, which is being produced in large numbers. The plant is also the company's main source of spare parts for its other models. Renault is also a major employer in the region, and the strike is causing significant economic damage.

At Flins there is also a strong immigrant element among the strikers, but this is a more and more common feature of the French labour force. Renault is also a major employer in the region, and the strike is causing significant economic damage.

The company, which says that it is not prepared to concede the pay demands for a 5.5 per cent increase, has offered a 3.5 per cent increase. Renault is also a major employer in the region, and the strike is causing significant economic damage.

The Government is pledged to set free the bulk of industrial prices (petrol products) is a

Meanwhile, Italy's main political parties are involved in the last stages of the campaign for the two referenda promoted by the Radical Party to be held on Sunday.

The main parties are presenting a united front against the Radical proposals to abolish current public order legislation and the law concerning the public financing of political parties.

The Christian Democrats and the Communists are particularly keen to see a large turnout on Sunday, when the Radical proposals are generally expected to be defeated. A large turnout would be regarded by the main parties as psychologically important for the fragile political framework in which the Communists are currently supporting a Christian Democrat minority Government.

In view of the referendum campaign, the Prime Minister, Sig. Giulio Andreotti, today postponed a Cabinet meeting originally scheduled for Friday until next week. The Cabinet meeting was expected to consider a second package of measures to cut the public sector deficit to about £24,000bn (£15bn) this year.

While all three main French manufacturers saw car sales fall in the first quarter, Renault suffered the biggest drop, partly because Peugeot and Chrysler had new models on the market. Renault will not want its competitor in this sector to suffer from a production slump so soon after its launch.

Renault's first quarter sales fell by 1.4 per cent, to 141,000 cars. Peugeot's sales fell by 0.8 per cent, to 138,000 cars. Chrysler's sales fell by 0.5 per cent, to 135,000 cars.

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THE MACHINE TOOL INDUSTRY

Anxieties about survival

BY DAVID CURRY IN PARIS

THE BIENNIAL machine tool exhibition which takes place this week finds French manufacturers in their usual state of gloom seeking to find comfort in occasional specks of light.

These, for the moment, are their faith in the fact that the machine tools being used in France are of a high standard, and that the French machine tool industry is one of the most advanced in the world. However, the exhibition also highlights the fact that the machine tool industry is facing a serious crisis, with many companies struggling to survive.

Almost every other statistic serves only to generate gloom. Last year machine tool production in France fell to 71,000 tonnes from 85,000 tonnes the previous year, a drop of nearly 17 per cent. The value of production was 7.6 per cent down on the previous year, and the number of workers in the industry was 1.2 per cent down.

The bulk of the decline was due to a drop in domestic consumption, which fell by 1.8 per cent. Exports, however, were up by 0.5 per cent, to 36,311 tonnes. The second largest group, Renault, lost 1.2 per cent, to 13,200 tonnes. The third largest group, Schneider, lost 1.1 per cent, to 12,800 tonnes.

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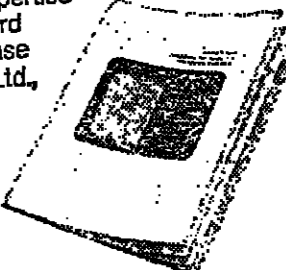
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Israel sets conditions for Lebanon withdrawal

By Ihsan Hijazi

BEIRUT, June 6. ISRAEL HAS set conditions for its withdrawal from the rest of southern Lebanon next Tuesday. According to reliable sources, the Israeli army is insisting on maintaining four permanent military outposts in Lebanese territory to ensure there will be no infiltration into Israel by Palestinian guerrillas.

The sources said the Israeli terms were conveyed yesterday to Lebanese officials by Lieut. Gen. Ensi Silasvuo of Finland who is chief co-ordinator of the UN peace mission in the East. He met Prime Minister Dr. Selim Al Hoss, Mr. Fuad Butros the Foreign and Defence Minister, and Major General Victor Khoury, the army commander.

Lebanese officials were reported to have declared that all territory in southern Lebanon must come under Lebanese sovereignty and control and that Israel should not obstruct this mission. The Lebanese reaction was carried back to Jerusalem by General Silasvuo who is expected to return here on Saturday.

The Government has been busy making plans for despatching regrouped units of the Lebanese army to southern Lebanon to assist UN troops there when the Israelis pull out.

President Sarkis decided to go ahead with the plans despite objections from right- and left-wing factions alike.

The Israelis, in another condition, reportedly said that only UN troops must be posted in the "security belt" which Israel occupies inside Lebanon and which it is supposed to give up next week.

It is an eight-mile-wide strip extending from the Mediterranean coast to the foothills of Mount Hermon in the east.

Observers said Israel's purpose is twofold: first, to regain a close relationship with the Lebanese Christians in the enclave next to the Israeli border; and second, to maintain the so-called "good fence" with Lebanese border villages.

David Lennon writes from Tel Aviv: Israel is strongly opposed to any move to withdraw the 30,000 Syrian troops stationed in Lebanon after the Israeli army's final withdrawal next Tuesday.

Officials here say Israel has not received any communication from Damascus about the possible future deployment of Syrian troops. However, there are reports that Syria has spoken to the Lebanese Government and the UN commanders about the possibility of moving its troops down to the Litani River.

Saudi budget foreshadows higher level of spending

By ANTHONY McDERMOTT IN LONDON AND JAMIE BUCHAN IN JEDDAH

THE newly-announced Saudi budget, just approved by the Council of Ministers, envisages expenditure of Saudi riyals 42,500 (£22.4bn) for 1978-79, the first time the figure has exceeded the level of SR 11bn budgeted over the past four years. Revenues are estimated at SR 13,000, of which SR 11,500 or 88.5 per cent is to come from oil.

Even so the expenditure figure had been cut by SR 15bn from the original estimates submitted by the Ministry of Finance and National Economy. An Assistant Deputy Minister said yesterday that the lower figure had been approved both because of doubts over the absorptive capacity of the economy and the ability of ministries to spend their allocations. This indicates clearly that Saudi Arabia has no wish to see

budget surpluses and hence a further growth in their foreign currency reserves. At the same time some doubt remains whether Saudi Arabia will meet its expenditure obligations and thereby sustain a deficit. As bottlenecks in the economy have been eliminated notably in port clearances—oil has fallen to between 10 and 12 per cent a year (compared with over 30 per cent in 1975-76) and the Saudi government has found it easier to estimate more accurately its expenditure. Thus the surplus this year may well be less than in previous years.

In addition, the oil revenue is based on an estimated production level of 5m barrels a day and unchanged oil revenues. While the latter at present seems likely for this year—as Sheikh

Ahmed Zaki Yamani, the Petroleum Minister, has claimed recently—oil production has so far been below the 5m b/d level, and a rise in this rate may well be governed by Saudi Arabia's desire to keep some control over the size of the global oil glut. Appropriations indicate that 66 per cent of expenditures are allocated for development projects, but concealed defence spending last year totalled considerably more than the SR 35bn recorded for defence and security. This trend undoubtedly will continue this year too. Salaries, wages, allowances, general expenses and subsidies account for the remaining 34 per cent of the total. Appropriations by sector show clear emphasis on the expansion of education, training, social services and health care.

Iranian security head dismissed

By ANDREW WHITLEY

TEHRAN, June 6.

THE HEAD of Iran's State Security Police, Savak General Nematollah Nassiri, has been dismissed by the Shah in a move seen here as connected with the continuing political unrest.

Today's Foreign Ministry announcement said the 70-year-old general had been appointed as Iranian Ambassador to Pakistan. There he takes over an important diplomatic post at a sensitive juncture for Iran-Pakistan relations.

No reason was given for the dismissal of one of the Shah's closest aides. As head of Savak, General Nassiri was one of four top military men around the Shah. He had been head of an organisation which permeates into nearly all corners of Iranian society for the past 14 years.

Diplomatic sources put forward a number of plausible explanations for the move apart from age and health reasons. The Shah is known to have been resisting pressure from a hard-line group among his advisers to take tougher action against the opposition, and General Nassiri may have been one of the hardliners. His departure could equally be seen as a move to conciliate moderate dissidents, especially religious leaders.

The move also comes against the background of widely-rumoured changes within the security forces, administration and ruling party. In the past week, the Rastakhiz Party has lost both its "wing" leaders.

There seems no question of General Nassiri having fallen out

with the Shah, however. As one Western diplomat put it: "His connections with the Shah are the ones that matter." The two men were contemporaries at military college in the 1930s. In 1953, General Nassiri played a key role in the Shah's struggle with the then Prime Minister Mossadegh. Later he was appointed Iran's Chief of Police, and then head of the Imperial Guard, before taking up the Savak post.

Savak was relieved of its responsibility for handling internal dissent where it did not involve direct threats to the state towards the end of last year. But informed sources say it may have re-acquired this role in past weeks. Its alleged inefficiency during recent unrest has prompted criticism from the Shah. After the bloody Tabriz riots in February, the provincial head of Savak was publicly dismissed.

General Nassiri's departure

comes less than 24 hours after today's nationwide "stay-at-home" strike called by opposition groups turned out to be a comparative failure—confirming the belief that the Government has regained the initiative.

The strike had been called by the Union of National Front Forces—the revived grouping of Mossadegh-era politicians—by religious leaders and by the bazaar community to mark the fifteenth anniversary of the 1953 riots, when 86 people died according to official figures.

For days the Government had urged Iranians to ignore the strike call. The bazaar areas, actually paid heed to the call. Tehran's huge bazaar, which covers a 4-square-mile area and is an important element in national trade, was almost completely silent. The bazaars of Mashhad, Qom and Tabriz were also partly closed. Life in the capital however was virtually normal.

Janata divisions widen

By K. K. SHARMA

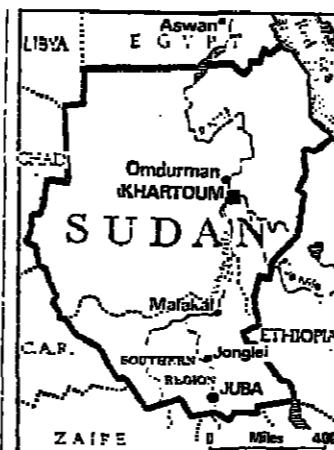
NEW DELHI, June 6.

FACTIONAL wrangling in the ruling Janata Party has suddenly intensified. When Prime Minister Morarji Desai returns from his foreign tour on June 17, he may face a crisis that threatens to rock his shaky Government.

The latest move was made the day Mr. Desai left when a call was given by ailing Home Minister Mr. Charan Singh for election of a new Parliamentary Board and working committee

of the Janata Party on the grounds that the present bodies—the supreme decision-making groups of the party—have never been elected.

This is a thinly disguised move to oust the Janata Party president, Mr. Chandra Shekhar, who was nominated to the post. Mr. Singh feels Mr. Shekhar is trying to create trouble for his nominees in such key states as Uttar Pradesh and Bihar.



Sudan aims to reduce payments deficit

By James Buxton recently in Khartoum

SUDAN IS discreetly taking a set of potentially unpopular economic measures aimed at reducing its serious balance-of-payments deficit and cutting the inflation rate. Senior officials believe that the programme officially called the stabilisation programme but referred to in some Government quarters as an austerity plan will enable Sudan to reach agreement with the International Monetary Fund on a standby credit and to make a drawing on the IMF Witraven facility which together could total some \$200m. This would be followed by a formal rescheduling of some of Sudan's debts.

While officially maintaining its commitment to development, the government began the stabilisation programme early this year with cuts in spending which have led to a reduction in the rate of increase in the money supply. It has also imposed greater control by the Ministry of Finance in authorising Government payments. The stabilisation programme has now become a slogan out to the People's Assembly in the budget as a drive to eliminate waste, raise production, and concentrate on breaking economic bottlenecks.

A key element in the programme is the need to become a year's development allocation at Sudanese £202.5m (\$82.2m)—rather less than the actual spending during the current year which ends on June 30 and which may have reached \$200m (\$77.15m).

Privately, senior officials say that no major new development projects will be embarked upon for up to two years. Largely because of a drive to break a vicious circle of low or zero growth and low or no major agricultural exports, Sudan has in the past four years had a growing balance-of-payments deficit and accumulated a large backlog of unpaid debts. Sudan's deficit on combined current and capital accounts was about \$55m at the end of the nine months to March 31 this year. But he cause many imports are not paid for and because of delays in servicing loans, this figure conceals the true position. Sudan is believed to have payments now due of between \$600m and \$700m. It is becoming hard for Sudan to pay for essential imports: recently the oil refinery at Port Sudan was closed for "maintenance". At the same time there were no crude oil supplies because of payments difficulties.

Though Sudanese officials point out that balance of payments problems are an inevitable short-term consequence of the development drive, it is acknowledged in some Government quarters that the high spending programme may have been allowed to continue too long. Sudan is now anxious to demonstrate that it is not irresponsible and is prepared to take tough measures in an effort to reach balance of payments equilibrium. The measures fall short of those proposed by the IMF in recent negotiations, which ended without full agreement. But officials believe that the IMF will be sufficiently impressed by the stabilisation programme to make credit available and that other countries can be persuaded to help. Senior Government sources say that, once Sudan has moved it is taking matters in hand, it will seek a formal rescheduling of some of its debts on loans.

Observers acknowledge that financial control in Sudan has recently been strengthened but point to two major threats to the stabilisation programme. The first is the Government's commitment to reclassifying public-sector salaries on July 1, which will amount to an average pay-rise of 15 per cent, and is expected to cost the Government about Sudanese £40m (\$15m) (out of a total recurrent budget for the coming year of Sudanese £297.5m—\$117.2m). This is viewed as a political necessity to compensate for inflation. Officials acknowledge that it could itself be inflationary and lead to wage claims in the private sector, but they hope its effect can be offset by spending cuts.

A second threat is that many imports are effectively beyond the control of the Government, since they come in under a system designed to utilise the foreign-exchange earnings of Sudanese working abroad. Though these imports do not directly affect the balance of payments, they can have an inflationary effect. They also put pressure on Government resources and on the transport system and lead to demand for more imports of fuel and spare parts.

Vietnam lets Chinese leave

By RICHARD NATIONS

VIETNAM WILL permit China to send ships to evacuate ethnic Chinese residents in Vietnam from June 20, a Foreign Ministry statement released over the Vietnam news agency reported today.

But in a stern tone reflecting the increasingly strained relations between the two countries, the statement said that the exit of the Chinese and the entry of Chinese ships will only be permitted at points designated by the Vietnamese Government, and in keeping with Vietnamese laws and regulations concerning the entry of foreign ships.

This is the first official response from Hanoi since Foreign

Ministry announced its decision early last week to send ships to Vietnam to evacuate ethnic Chinese, known as Hoa, China alleges they are the victims of "persecution, maltreatment and harassment" designed to drive them out of Vietnam. China also claims that already over 100,000 Hoa refugees have fled across Vietnam's northern provinces over the past few weeks.

The Vietnamese Foreign Ministry statement, however, upgraded Peking's "unconstructive attitude" in rejecting its calls for negotiations over the Hoa, and called China's "unilateral decision to send ships to Vietnam" a violation

of "international law and practice, and sovereignty." In spite of the Chinese attitude, Hanoi said it was willing to allow the Hoa to leave Vietnam "if they so desire." But an article in the Communist Party daily Nhan Dan sharpened the accusation that the Hoa were victims of a "premeditated, planned campaign" supported by Peking and designed to stir internal unrest in Vietnam. "The last-mentioned article," the Party newspaper said, "is a vicious attack on the Vietnamese Government, which has nothing to do with the genuine aspirations and interests of hundreds of thousands of Hoa and Chinese-born Vietnamese."

CHINA'S FOREIGN POLICY

A fast-rising profile

By COLINA McDOUGALL

troops crossed the border in Vietnam alone. About 100,000 Hainanese province and have already fled to China. This has brought relations between the two countries to the point where Peking has already cut



Mr. Huang Hua, China's Foreign Minister.

rejected the Russian explanation that the soldiers were chasing a criminal and landed on Chinese territory by mistake.

Worse than that isolated incident, though, is the rapidly escalating friction between China and Vietnam, which for years has leaned more to Moscow than to Peking. There are plenty of historical reasons why the two should squabble, and relations are exacerbated by the Chinese fear that the Russians are fishing out in troubled waters there as well.

The Chinese, again according to reports from Hong Kong, say the Russians encouraged the Vietnamese to start trouble on China's southern border to distract attention from the northern frontier. China is already heavily outnumbered by Soviet forces: Not much is known about the Sino-Vietnamese border fighting that is supposed to have taken place, though there is a view that the Chinese began it in the early spring to distract the Vietnamese from fighting off the Cambodians in their border war.

Since January Chinese relations with Vietnam have gone from bad to worse. Chinese anxiety about developments there has been obvious ever since the end of the Vietnam war. In the past couple of months the Vietnamese have allegedly been making life miserable for their overseas Chinese population, which numbers well over 1m in South

China. For years the Chinese have been warning the West, particularly western Europe, which it sees as the cockpit of the coming struggle of the imperialist ambitions of the Soviet Union. As the growth in Soviet military strength in Europe has become more obvious to both doves and hawks, European leaders have been more inclined to listen to the Chinese patiently, if not always with total sympathy. This shift has come at a time when the Chinese are in any case on the hunt for technology and both European and Japanese industries are eager for new outlets.

It is only coincidence that senior Chinese officials arrived in Europe when there was already some anxiety about Soviet intentions as it has been obvious since Chairman Hua's accession in October 1976 that when its economic plans were finished, Peking was going to seek industrial equipment from the West.

However, the coincidence has given much more strategic importance to European and Japanese sales to China, and it has probably also meant that Peking sees a welcome side-effect in propping up all things European.

China's economic missions are likely to be followed up, by more openly political ones, of which the most significant will be Chairman Hua's projected visit to France. The whole question of arms sales by Europe to China has yet to be resolved, and while panic at NATO countries to give Moscow something to think about on its eastern front would be most unwise, the fact remains that China's military weakness is itself a source of instability since it makes Peking extremely nervous in situations like the present one.

While the U.S. State Department is opposed to the concept of "linkage"—that is, halting the process of détente and discussions on strategic arms limitation because of Soviet activities in other realms—this view is under pressure because Moscow's intentions in Africa look anything but peaceable. At the present moment, Washington is more likely than at any time in the recent past at least to listen to Peking's perennial line that détente is a fraud.

U.S. prepared to airlift African troops to Zaire's Shaba region

PARIS, June 6.

of Shaba, on Sunday for talks with President Mobutu, who took him on a special trip to Kolwezi, the principal copper mining town between the two countries which bore the brunt of the insurrection and was occupied for eight days.

After his talks yesterday with Foreign Minister Umba di Lutete, the Chinese visitor was guest of honour at a dinner given by the Zaire Government in Brussels. Afterwards, he told his hosts that despite the distance, China would not hesitate to give its support to Africa. He also said his visit would stimulate the strengthening and development of relations between China and Zaire.

Reuters Washington doubts, Page 6

reporters after meeting Zaire Foreign Minister Umba di Lutete, he also said yesterday that technical and economic co-operation between the two countries was developing favourably.

"In this regard," he said, "the two sides recognised notably that they had the same common task: to know how to oppose the threat from outside caused by Soviet imperialism."

Mr. Huang, who arrived here on Saturday on a four-day official visit, has been outspoken in his criticism of the Soviet Union and Cuba for the support they gave to Angola-based rebels who last month invaded Zaire's mineral-rich Shaba province.

He flew to Lubumbashi, capital

of Shaba, on Sunday for talks with President Mobutu, who took him on a special trip to Kolwezi, the principal copper mining town between the two countries which bore the brunt of the insurrection and was occupied for eight days.

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Reuters Washington doubts, Page 6

S. Africa permits mixed audiences at 26 theatres

By QUENTIN FEELE

JOHANNESBURG, June 6.

PERMITS to present shows to mixed audiences of all races have been granted to 26 South African theatres.

The move, announced by Mr. Marais Steyn, Minister of Community Development, has been welcomed by theatrical promoters as a breakthrough in improving race relations. They hope it will mean that more foreign playwrights and musicals will allow their works to be performed in South Africa.

Many of South Africa's leading theatres, including 12 in Johannesburg, four in Durban and three in Cape Town, will now have authority to admit multi-racial audiences. There are significant omissions, such as the new Opera House in Pretoria, and four major cities and towns, Pretoria, Bloemfontein, Kimberley and East London, still have no theatres with permits.

Previously only the Nica Malan Opera in Cape Town was allowed to admit all races. Other

theatres had to apply for individual permits.

The new permits will be reviewed every year, when theatres must submit reports on the previous year's performances. They have been granted subject to such requirements as a minimum of 100 performances a year, as well as seating capacity conditions and approval by the local authority. Mr. Steyn said four applications had been rejected.

Opposition politicians have welcomed the move, while criticising the need to apply for permits.

Seychelles warning
Seychelles President Albert Rene has threatened to take stern measures against anyone trying to sabotage his Left-wing Government, the Tanzania news agency Shinhwa reported yesterday. Reuters writes from Dar es Salaam.

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MEA 177

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The geographical situation of Beirut ensures its continuing role as a commercial centre and the gateway to the Middle East. Every day of the week MEA operates an all-Boeing service from London linking with daily flights to the Gulf and Saudi

Arabia; and there are frequent services to every other major centre in the Middle East. Next time choose MEA. With 32 years experience behind us we know how to look after our passengers.

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AMERICAN NEWS

Five-year test ban treaty urged

BY REGINALD DALE

BRITAIN and the U.S. are expected to propose a five-year ban on all nuclear testing in negotiations with the Soviet Union in Geneva this week. They hope to accelerate the pace of the long-running Geneva talks, at which the three Governments are seeking to conclude a comprehensive test ban treaty.

Hitherto, the two Western participants have held that the treaty should be of unlimited duration. The Soviet Union has offered a three-year moratorium on testing.

Under the U.S.-British proposal, as it now stands, the treaty would run for five years, in which all testing would be banned. Opinion is still divided in Washington, however, as to whether or not limited exceptions should be permitted to allow the participants to check

that their nuclear deterrents are still in working order. Some defence experts take the view, for instance, that the last three months of each five years should be set aside for this purpose. They point out that the more sophisticated U.S. weapons need to be tested more frequently than those of the Soviet Union.

A further argument is that the West may be unable to monitor small-scale Soviet tests designed either to check reliability of existing systems or to develop new ones. Any such activity by the U.S. on the other hand, would soon become public knowledge.

President Carter still seems to want to ban even such limited tests on the grounds that the treaty will have no political impact if it is genuinely comprehensive. It is stressed here that this makes the treaty's monitoring provisions even more im-

portant, particularly as there are the inevitable suspicions among Washington hard-liners that the Soviet Union will try to cheat. The Russians have now accepted a degree of on-site monitoring to control the treaty's implementation. But in the last analysis, inspectors would still only be allowed on Soviet territory with Moscow's permission.

The negotiations also still have to complete plans for installation of a network of seismic monitoring stations. Moscow has agreed to the principle of such a system, but there are differences over the number of such stations required.

Later in the week, Mr. Paul Warnke, President Carter's chief arms control negotiator, will be in Helsinki for the opening of the strategic arms limitation negotiations with the Soviet Union intended to restrict the development and deployment of killer satellites.

Moscow is thought to have

tested about five of these weapons, the role of which would be to shoot down enemy surveillance and communications satellites. The U.S. has not conducted such tests and the assumption here is that the Russians have agreed to attend the talks in the hope of retarding the development of American killer satellite technology. The U.S. could swiftly overtake the Soviet Union if it puts its mind to it.

So far the Soviet tests have only been conducted at low orbit, and the view here is that the Russian killers are not yet capable of shooting down a sophisticated U.S. satellite. They might be effective against Chinese satellites, however.

Officials also point out that the strategic arms limitation agreement between Washington and Moscow bans the use of such weapons against each other's surveillance satellites.

WASHINGTON, June 6.

Unions and NYC agree wages pact

By John Wyles

NEW YORK, June 6. AFTER MORE than three months of bargaining, New York City and its municipal unions scrambled to reach a deal last night just in time to present a united front for today's Senate Banking Committee hearings on more federal aid for the city.

Although there are still 24 days before the existing contracts expire, last night's agreement was vital to convince a sceptical Congress that New York is worthy of yet more Government help to stave off possible bankruptcy.

The Banking Committee hearings, starting this morning and continuing next week, are the major hurdle which the Carter Administration's proposed aid programme has to clear. Senator William Proxmire, the Committee's chairman, left no room for doubt in his opening statement, that he believed the city should be left to go it alone.

The President wants Congress to approve \$230m of long-term loan guarantees to replace, from the end of this month, a programme of "seasonal" short-term loans which the city has been receiving and successfully repaying for the past three years.

Senator Proxmire feared that long-term loan guarantees would set a "terrible precedent" which would encourage profligate spending by other cities. He doubted that such guarantees would be in the country's long-term interests and argued they would "remove the pressure on the city and keep it from making the tough decisions needed to get the city back to a balanced budget and back into the credit markets."

Mayor Edward Koch told the Committee that without federal help New York would "stumble from crisis to crisis." He would not testify with certainty that the city will go bankrupt without the aid package but argued the cost of not helping New York would be greater than what was being proposed.

The Mayor's four-year fiscal plan provides for balancing the budget by 1982 and capital expenditures of \$4.5bn. The federal loan guarantees would be used to obtain up to \$220m of funding from city and state pension funds which would be augmented by a further \$10m of debt which the city and savings institutions have agreed to purchase.

The city hopes most of the balance can be obtained from the public debt market which has been closed to New York for the past three years.

Mayor Koch claims that last night's pay deal is within the city's means although he has conceded more than he wanted. The deal covers more than 200,000 workers who will receive 8 per cent pay rises during the term of the contract. Total cost of the agreement will be \$10m of which \$7.5m will be met from city revenues and the balance by aid from New York state and other sources.

The pay rises are far lower than the general trend of U.S. pay deals this year which are allowing up to 20 per cent and more in improved wages and conditions. Over a two-year contract, the New York agreement applies to some 97 bargaining units ranging from teachers to dustmen, who will receive total increases averaging \$1,700.

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World shortage of oil unlikely before late 1980s, says report

BY DAVID LASCELLES

NEW YORK, June 6.

ADDITION to the recent series of conflicting reports about the world's energy prospects, the New York-based Petroleum Industry Research Foundation predicts today that an extended oil shortage of crisis proportions is unlikely before the late 1980s, and can be avoided for the rest of the century.

The Foundation, an independent body, bases its prediction on likely developments in the non-OPEC oil market, assuming varying rates of growth in oil demand of 3.8 per cent, 3 per cent and 2.3 per cent. Its study concludes that OPEC output would be able to

meet demand in all cases in 1985, but only in the two lower cases in 1990. If demand for oil continues to grow fast, therefore, a world oil shortage becomes a possibility in the late 1980s, when oil prices could reach up to double their 1977 levels.

But the Foundation believes that a crunch of this kind is unlikely for two reasons. World economic growth is not expected to be at a level as high as 5 per cent, and the high growth in oil demand, and anyway, improvements in the structure and utilisation of oil will ease the situation. The study focuses closely on

the U.S. domestic oil situation, and forecasts that demand for oil will grow by 1.3 per cent a year up to 1990 compared with 3.7 per cent in 1980-76. This implies that U.S. oil imports will be at least 9.4m-12m barrels a day by 1985, and 10m-14m by 1990.

In the longer term, the study foresees a slowdown in world oil demand after 1990, and predicts an OPEC production peak of 51m barrels a day, including 10m from Saudi Arabia. The timing would depend on demand and the production policies of the exporting countries, but the peak would not be reached before the mid-1990s.

The Board says its consumer confidence index was 8.5 points lower in May than April while its buying plans index fell back 15 points to 95.3. Some 6.5 per cent of the 5,000 households surveyed plan to buy a new or used car during the next six months, compared to 7.8 per cent in April. In its latest survey, Citibank finds that 60 per cent of its respondents feel the economy will worsen over the next six months and more than half laid the blame on inflation.

Mr. Gerald Kaufman, Industry Minister, yesterday completed a series of talks here with Mr. Nicholas Farnakidis, President of Olympic Airways.

Mr. Kaufman, who is also Minister of the Greek Republic, said that the British Airways and Olympic Airways were in the process of deciding whether to go with Europe or the U.S. in the next stage of its aircraft ordering programme.

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Domestic car sales rise 11%

BY OUR OWN CORRESPONDENT

NEW YORK, June 6.

WHILE FOREIGN car sales fell for the second consecutive month, the U.S. car industry fully recovered in May from the winter slump. Dealers have now sold more domestically produced cars than they did in the first five months of last year.

But indications that last month's extremely strong selling rate may not be sustained have come from two authoritative surveys which show declining consumer confidence and growing pessimism about the future of the economy. This tends to support the view that the car sales boom stems partly from consumers' desire to beat price increases which are anticipated later this year.

Total sales of U.S. and foreign-built cars were the highest for any May and reached 1.15m compared to 1.052m last May. Domestic cars leaped 11 per cent to 962,985 units while foreign car sales fell 14 per cent to around 193,500 units.

While still capturing a highly respectable 17 per cent market share, foreign cars are clearly suffering from price disadvantages forced on them by the fall in the value of the dollar this year.

The leading Japanese importers, Toyota and Datsun, suffered a 19.7 per cent and 25.8 per cent decline in sales respectively while VW, the largest non-Japanese importer, was down 11 per cent. British Leyland sales were down 24.3 per cent to 5,938 units.

The most conspicuously successful importer was Renault whose sales more than doubled to 2,440 units and are expected to go much higher when arrangements are completed for marketing its R5 small car through American Motors Corporation dealers.

At 3.88m, year-to-date sales of domestically produced cars at the same time last year. General Motors, whose sales total was up 9.7 per cent in May, has delivered 9.7 per cent more cars this year and has a market share of around 56 per cent. Ford's sales, up 19.3 per cent in May, are 4.9 per cent up on last year and the

company's market share is around 29 per cent. Chrysler's sales were only 3.6 per cent higher in May, and the company's year-to-date sales have fallen 1.9 per cent on last year. American Motors sales fell 0.6 per cent last month and for the year are 8.3 per cent lower.

At the same time as they were maintaining this buoyant new car market, American consumers were trimming back future buying plans, according to the latest report on consumer confidence from the Conference Board, the U.S. leading business research organisation.

The Board says its consumer confidence index was 8.5 points lower in May than April while its buying plans index fell back 15 points to 95.3. Some 6.5 per cent of the 5,000 households surveyed plan to buy a new or used car during the next six months, compared to 7.8 per cent in April. In its latest survey, Citibank finds that 60 per cent of its respondents feel the economy will worsen over the next six months and more than half laid the blame on inflation.

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No decision on Romanian deal

By Michael Donnan

CONTRACT NEGOTIATIONS between British Aerospace, the nationalised aircraft manufacturer, and Romania, for the purchase and ultimate manufacture in Romania of up to 80 One-Eleven jet airliners, worth in all more than £200m, are still in progress and a decision is not expected for some weeks.

Suggestions yesterday that the deal might be concluded during the forthcoming State visit to the UK of President Ceausescu of Romania, in mid-June, were contradicted by British Aerospace, which stressed that the final decision rested with the Romanian Government.

Discussions on the deal have been in progress since May, last year, when the Romanian Government signed a protocol with British Aerospace providing for the manufacture in whole or in part of the One-Eleven in Romania, subject to contractual agreement.

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Iran buys five Boeing jumbo jets

By Andrew Whitley

TEHRAN, June 6.

IRAN AIR has placed firm orders for five more Boeing 747 jumbo jets. The agreement doubles the number of 747 aircraft the Iranian airline will have in service, and brings to 22 the total sold to Iran, taking into account a dozen sold to the air force.

No details of the financing agreements have been released, but Iran Air is likely to be seeking a combination of supplier credits and Euro-market loans. An agreement is for four 747-186B aircraft, capable of carrying up to 483 passengers, and one 747-200. The 747-186B will be powered by Pratt and Whitney JTBD-7 engines.

Delivery should start next June, and be completed by March 1981. Iran Air plans to use the new aircraft on its established routes to the U.S. and on a new route to Singapore and South-East Asia.

Although the purchase agreements have been signed, Iran Air retains an option to cancel the fifth aircraft.

In March, Iran Air signed firm contracts for six European Airbus, and took out options on another six. The purchase of the aircraft at the time as breaking the long-standing Boeing monopoly of the fast growing Iranian market. The decision to go back to Boeing for long-range aircraft indicates that this purchase was an exception.

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Japanese car imports in May up 30% on 1977

BY YOKO SHIBATA

TOKYO, June 6.

JAPANESE SALES of imported cars last month totalled 4,387 vehicles, an increase of 30.4 per cent over May 1977, the Japan Automobile Importers Association announced today.

With the removal of a 6.4 per cent import tariff on cars in March and the sharp appreciation of the yen, Japanese sales of imported cars have picked up in recent months with 4,946 sales in March, 4,846 in April and 4,387 in May, up from 3,371 in March 1977, and a 25 per cent increase in April to 4,257.

Compact cars accounted for 2,323 sales, an increase of 48.5 per cent over a year earlier, and standard cars accounted for 2,044, up by 14.4 per cent. Imports were chiefly European cars, of which sales for the first five months of this year grew by 35.8 per cent over the corresponding period of 1977. Standard cars mainly U.S.-made, sold only 2.1 per cent more than in January to May last year.

According to the Japan Automobile Importers Association, European cars are popular from 27: its five-month sales were 371 vehicles, up from 271 in May 1977. Most European car imports this year will reach an all-time high.

At the same time, imported car distributors have begun to shift from the traditional sales practice of large margins with a limited supply to that of narrow margins with quick returns. Triumph sold 38 vehicles in May, up from the previous May's two, taking sales for the first five months of this year to 203.

At the same time, imported car distributors have begun to shift from the traditional sales practice of large margins with a limited supply to that of narrow margins with quick returns. Triumph sold 38 vehicles in May, up from the previous May's two, taking sales for the first five months of this year to 203.

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Champagne victory goes to French producers

By Kenneth Gooding

FRENCH PRODUCERS yesterday emerged victorious from the long-running court battle over the Champagne district of France or Champagne Cognac produced in accordance with French law.

This was the main point to emerge from an agreed settlement reached in the High Court yesterday. Showers and the Champagne producers will pay their own costs, unofficially estimated at more than £100,000 each.

Common sense

M. Joseph Dargent, head of the champagne industry's governing organisation, the Comité Interprofessionnel du Vin de Champagne, said in London after the brief hearing: "This is a triumph for common sense."

"The champagne trade is extremely glad to have resolved this dispute in this way and welcomes the spirit of co-operation which has led to this mutually agreeable conclusion."

In future, Babycham will be described as "a sparkling perry," an arrangement which will apply anywhere in the world where the brand is or will be sold.

Cigarette jobs lost

By Lynton McLain

THE four-year-old Cigarette Components factory at Burnley is to close in August, with the loss of 80 jobs, and the company has called for 300 voluntary redundancies at its Jarrow works on Tyne-side.

The company, part of the Buntel group, blamed a fall in cigarette sales and changes in British tobacco tax to harmonise with the tax in EEC countries.

Taxing the finished price of a product had led to a change in purchasing habits, said the company. Sales of Kings cigarettes had risen, and hit the smaller brands.

Benn rejects special tax on natural gas

BY RAY DAFTER, ENERGY CORRESPONDENT

MR. ANTHONY WEDGWOOD BENN, Energy Secretary, has rejected the idea of imposing a special tax to bring the price of natural gas more in line with other fuels.

A gas tax, as proposed by the coal and electricity industries, would be "inimical" to both gas consumers and the gradual long-term rationalisation of fuel prices he said yesterday, after the issue had again been discussed by the Energy Commission.

The Commission — a body set up to advise the Government on energy policies — has found the fuel-pricing question one of its most difficult problems.

In a paper discussed yesterday, Sir Francis Tombs, chairman of the Electricity Council, claimed that Government policies favoured the gas industry, for instance.

British Gas Corporation had been given exclusive access to North Sea gas and this had enabled the undertaking to purchase supplies at an annual cost of some £1bn less than if it had paid prices related to the cost of coal and oil, he said.

After the meeting, Mr. Benn said that he could now see a way through the problem. In many ways normal market forces were bringing the prices of fuels more in line with each other.

"I am trying to look for an agreement over a period of time. The problem doesn't lend itself to a quick fix. It was not in the interest of anyone in the energy industry to prejudice one fuel because of short-term fluctuations."

Natural gas, while cheaper than other fuels at present, would become more expensive in the long term. In contrast, coal would become relatively cheaper over the years.

UK coal was the cheapest in the Common Market. British coal was subsidised 50p a tonne while Belgian coal received £15 a tonne subsidy. The subsidies on German and French coal were five and 25 times higher than in the UK respectively.

Sir Denis Rooke, chairman of the British Gas Corporation, had informed the Energy Commission about the undertaking's plans for smoothing the transition to higher-priced gas, Mr. Benn added.

The Gas Corporation was renegotiating contracts with oil companies to hold back the exploitation of cheap gas from southern North Sea fields.

The idea was that British Gas would take a higher proportion of its supplies from the more northerly — and costly — fields over the next few years, then increase its offtake of southern North Sea gas in the 1980s or 1990s to help cushion further price increases.

But the fuel pricing issue is far from dead. Mr. Benn said that the subject would be discussed again by the Commission at its next meeting in the autumn.

HP cash up 12.5% during April

BY DAVID FREUD

HIRE PURCHASE cash rose sharply in April, a clear indication of increasing consumer confidence.

The signs were reinforced by an equivalent rise in sales of durable goods.

New credit extended by finance houses and retailers in April was 12.5 per cent higher seasonally adjusted, than in March, the Department of Trade said yesterday.

On a longer-term scale, total advances in the last three months were four per cent higher than in November-January.

There was a small upwards revision in the final retail for April retail sales. The volume index was 106.7 (100=1973), seasonally adjusted, compared with the provisional estimate of 106.5.

This was only a slight drop on the index figure of 107 recorded in March, itself the highest since August 1976.

Taking the last three months together the volume of sales was 1.6 per cent higher than in November-January, reflecting the additional spending power placed in the hands of consumers since the beginning of the year.

The steady increase in the volume of sales and hire purchase agreements since December tends to confirm expectations that a strong consumer boom will develop from about next month.

Retailers believe that their forecasts of a 5 per cent volume gain in sales from 1977 to 1978 are looking increasingly likely.

The underlying factor in the buoyant sales is the increase in personal disposable income. Figures released by the Budget showed that this will have risen by about 7 per cent in the year to mid-1978.

Accountants renew attack on local authority audits

BY DAVID CHURCHILL

THE ROW between two major accountancy bodies over local authorities' standards of law and practices affecting accounting was revived yesterday.

The annual meeting of the Institute of Chartered Accountants in England and Wales passed a resolution making veiled criticisms of local authority auditors, who are mainly members of the Chartered Institute of Public Finance and Accountancy (CIPFA).

The resolution, passed overwhelmingly, called on the ICA to "take all practical steps to raise the minimum standards of accounting and auditability required of local authorities, it is expected that those required of companies broken by members of CIPFA, he said. "Each breach invites public contempt for our profession."

Each district audit report made by a member of CIPFA undermines the reputation of the audit report when members of the public are not aware of the distinction between the audit report on local authority accounts and the audit report on company accounts.

He described CIPFA criticism of his motion as "hysterical" and an "unprecedented attack" on the Institute.

CIPFA, however, maintains that "there is a degree of openness attaching to local authority accounting and accountability which is unparalleled in the private sector."

The dispute is likely to be raised again at next week's CIPFA conference in Edinburgh.

Callaghan not to stop home loans increase

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE PRIME MINISTER said yesterday that he would regret any increase in the mortgage rate but he would not wish to stop the building societies if they decided such a move was necessary.

The societies are due to meet on Friday and it is expected that investors' and borrowers' rates will rise by about 1 per cent. The mortgage rate now stands at 8 per cent and the net investors' rate on ordinary shares is 5 1/2 per cent.

Mr. Callaghan was replying in the Commons to a call from Mr. John Owendale (Lab., Gravesend) for the Government to act to prevent any rise in the cost of home loans.

He asked the Prime Minister to tell the societies that higher rates would be "quite unjustified and unacceptable" in view of the societies' large reserves and now needed to help boost the inflow of funds.

Mr. Callaghan replied: "If they reach this conclusion, I would not wish to stop them doing it, although I would not like it. It is important that they maintain their own balances properly."

Ministers accept that if higher rates are likely, they should be introduced without delay in order to avoid the chances of one coinciding with an election campaign later in the year.

The societies' receipts have been sliding as general interest rates have risen and their own have become less competitive. Net receipts this month could be as low as £150m against £335m in April and nearly £600m last October.

Societies believe that higher investors' rates — also necessitating higher mortgage rates — are now needed to help boost the inflow of funds.

Mr. Varley said that Department's contribution would create 200 new jobs at Michell by 1980. At present the factory, which makes Michell whitest metal bearings for marine and industrial applications, employs 500.

About one-third of the output is exported and yesterday the company announced a further order for bearings for a nuclear power station in France.

Extra jobs in prospect at Michell

By Our Own Correspondent

A NEW £4.5m factory for Michell Bearings, the Vickers Engineering subsidiary, was formally opened by Industry Secretary Mr. Eric Varley yesterday.

It represents one of the largest industrial rebuilding schemes in the North East, was completed six months ahead of time and attracted £1.2m in Government grants.

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Government confirms £2m. plan to build test windmill

BY DAVID FISHLICK, SCIENCE EDITOR

GOVERNMENT PLANS to construct a giant windmill with an electricity output of 3.7 megawatts, at an estimated cost of about £2m, as a full-scale demonstration of the latest technology of aero-generators, were confirmed yesterday by the Department of Energy.

As an initial step the Energy Department is to spend £341,000 in detailed design, component testing. If the results are encouraging, the aero-generator will be erected on a windy hilltop, possibly in Scotland.

The fundamental questions such a project might resolve are at what cost past design weaknesses in big windmills — which have tended to collapse — might now be overcome, and to what extent they will intrude upon the environment.

A modern aero-generator, taller than the biggest UK electricity pylons, could be as noisy as a helicopter, and could interfere seriously with TV and microwave transmissions.

The electricity supply industry, which is co-operating in the project, will want to explore the possibility of feeding its power into the grid, and the stability of output and load factor that can be expected from such a source.

The demonstration would probably be computer-controlled, both to steer into the wind and to cut it out automatically at a certain minimum wind-speed and when the wind-speed became dangerously high.

The Department of Energy is taking a more optimistic view about windmills than the Parliamentary Select Committee on Science and Technology, to which the Government responded with yesterday's statement.

In a reply to two reports last year from the Select Committee — on alternative energy sources generally and on tidal power from the Severn Estuary — the Government has announced additional spending of just over £8m.

The main items of expenditure will be an extra £2.5m for wave-power, seen in the words of Sir Hermann Bondi, chief scientist at the Energy Department, as the energy source with the greatest potential for the U.K. but the most difficult to tap.

The Government is allocating another £1.5m to further studies connected with a Severn tidal barrage, chiefly for the manufacture and testing of prototype components.

Another £465,000 will be spent on studies of smaller aero-generators of about 100 kW output. And £365,000 is to be spent on investigating the potential of geothermal energy.

The Government stresses that the obstacle to quicker progress in developing these new technologies is not cash — as the Select Committee suggested — but the state of the technology itself.

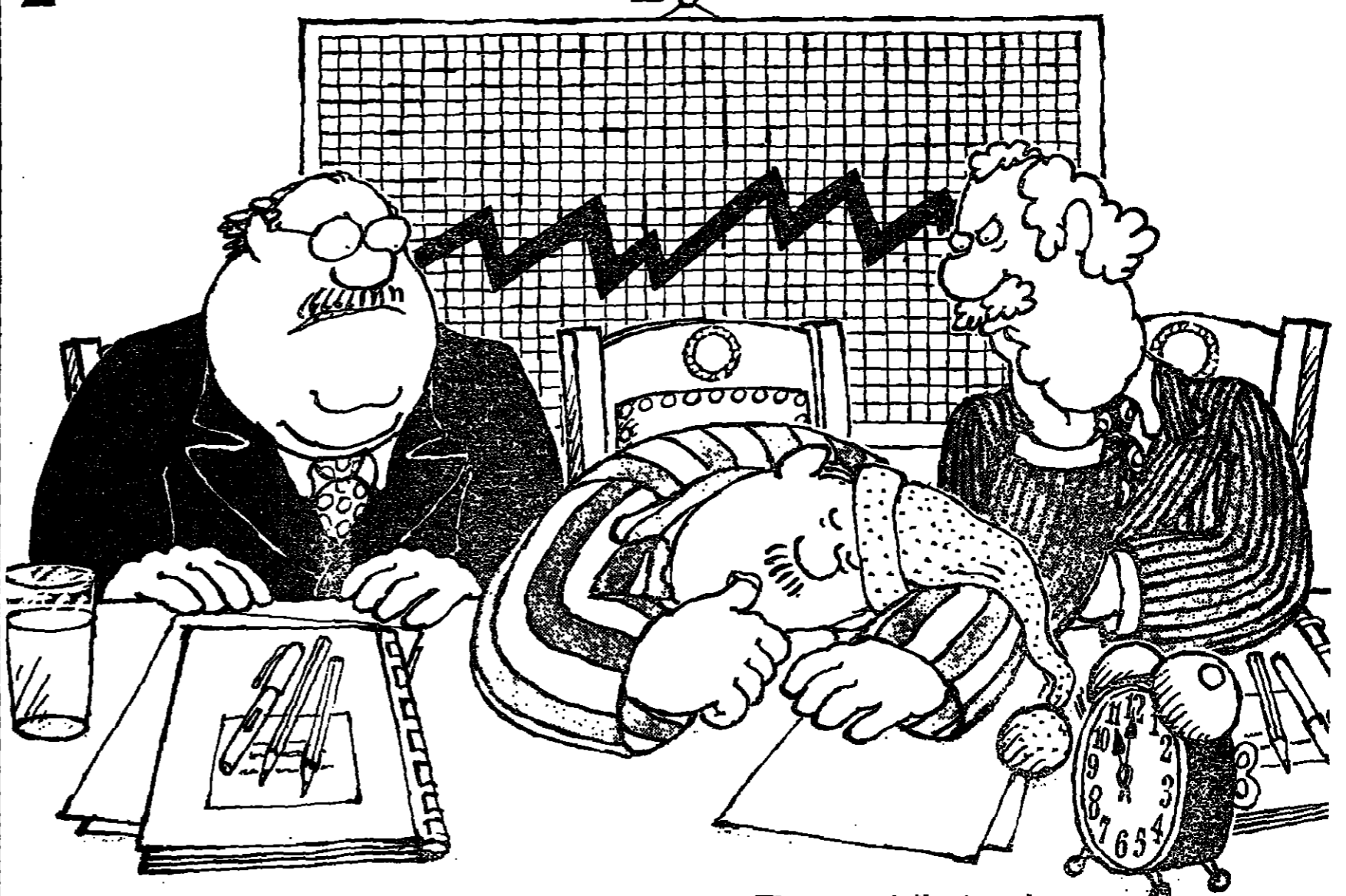
The Development of Alternative Sources of Energy: The Government's reply to the Third and Fourth Reports from the Select Committee on Science and Technology, Cmd. 7236, SO, 40p.

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NEWS ANALYSIS—CIGARETTE PRICES

BAT moves to smoke out British rivals

BY STUART ALEXANDER

THIS call by Mr. Kirkland Blair, managing director of Carreras Rothmans UK, for a responsible attitude to pricing of cigarettes and less "wheeling and dealing," coupled with the announcement of price increases, must have sounded ironic to some in the tobacco trade.

Rothmans has been playing the numbers game in the two years in which the UK market has been coping with a price war and a major change in the taxation system.

It has carefully timed its entries with selective price cuts, while goading its bigger competitors by dropping gift coupons and pulling out of sports sponsorship "to pass the savings to the consumer."

Rothmans has been regarded by many as something of a cowboy on the cigarette marketing scene and has gradually built up its share of the UK market from 6 per cent to 12.15 per cent.

Its price cutting policy on all sizes of cigarettes has not damaged the status of Rothmans King. Since starting to launch King Size, it has worked hard on exports and last year opened new plants in Darlington.

This spring saw British-American Tobacco stride onto the scene, with guns smoking and spurs clinking, leaving existing protagonists watching the newcomer's energetic efforts to win admirers.

BAT was well aware of the problems of the UK market but had seen old brand loyalties abandoned as consumers were exhorted to become price-conscious.

So the decision was taken that the initial principal marketing weapon would be a major price cut — so big that it is possible to buy State Express 55s for less than some mini-cigarettes.

The company announced that it was prepared to spend £5m on its UK launch, but that it was starting to look like a sizeable underestimate if volume sales are achieved at these very low prices for any length of time.

The Rothmans move is a deliberate attempt to isolate BAT's State Express as a cheap brand and to ensure that any attempt by BAT to lift the price to more normal levels will be made very difficult if State Express is to hang on to its expensive won market.

Rothmans' second play was to turn to retailers for support, with a rallying cry of a return to sensible profit levels.

In addition to a myriad of offers to the smoker, the introduction of new brands — including tobacco substitutes — and a major change in market profile as king size brands began to dominate, tobaccoists and newsgens have had to cope with the loss of nearly 8m copies of national newspapers.

CTNs — confectioners, tobaccoists and newsgens — are still the backbone of the cigarette retail trade, though they have been looking increasingly anxiously over their shoulders at the supermarkets.

As well as the retailers needing to make more money, all the tobacco manufacturers have said they would like to see improved profits.

Imperial, which owns W. D. & H. O. Wills and John Player, said yesterday that it would be happy to see a more settled industry and a general reduction in wheeling and dealing.

Gallagher said it, too, was examining the case for a price increase.

But no one knows how long BAT is prepared to maintain its present policy. Its Liverpool and Southampton factories have the capacity to meet large demand and its planning is sufficiently flexible to switch some other production to its Hamburg and Brussels factories.

But it is thought that BAT will have to raise State Express in the autumn towards the recommended retail price of 55p.

Some shops still sell the 45p per pack, and inside there are vouchers giving 2p off the next purchase. They are easy to buy at 46p and the average gap of 13p below recommended price is a very large one to make up.

Meanwhile, they are selling well.

Preliminary estimates show they may have taken over 3.5 per cent of trade deliveries in May — estimates which put Imperial's share down to 54.5 per cent — but the experience of the John Player King Size launch in 1976, when 100 cigarettes were offered for every 200 bought, has persuaded the industry to play a waiting game.

Players' early success was difficult to retain and it will be no easier for BAT.

MARKET SHARES	April	May
Wills	30.2	29.5
Player	28.5	25.0
Gallagher	28.1	26.5
Rothmans	12.0	14.5
P. Morris	1.0	1.0
BAT	0.2	3.5

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Engineers' training 'blocked by unions and employers'

ENGINEERING UNIONS and employers were accused yesterday of blocking the advance of manufacturing industry by preventing young engineers from being trained effectively.

The charge was made by the Engineering Professors' Conference, the major representative body for the 400-plus senior academics in university faculties of technology, at a London meeting to introduce its evidence to the Finniston Inquiry into the engineering profession.

"If things are to continue as they are at present," said Prof. Arthur Shercliff, of Warwick University, "we really should be teaching our students German engineering, and pointing them in the direction of the Passport Office."

The professors claimed that the unions, abetted to a greater or lesser extent by the Engineering Employers' Federation, were blocking the production of first-class manpower in three main ways:

- Preventing students from gaining the real shop-floor experience which is an essential element of effective education.
- Blackening the "career image" of manufacturing to the country's most able youngsters by practices and attitudes which restricted pay prospects of professional men and entangled them for much of their lives in activities such as inter-union disputes having nothing to do with engineering.
- Discriminating against the small unions, such as the United Kingdom Association of Professional Engineers, designated by the Council of Engineering Institutions as the unions most appropriate for professional members.

It is a draft to want to merge professional engineers into the big unions as it would be to say that since the Transport and General Workers' Union is the biggest in the hospitals it ought to take over the British Medical Association," Prof. Shercliff added.

The professors' evidence to the Finniston Inquiry accused the Government of helping to mar the image of engineering as a career for enterprising youngsters.

"Much of the recent social, industrial and tax legislation,

and successive pay policies. well-intentioned as they are, seem often to have been enacted without sufficient regard being paid to their effects on industrial performance and competitiveness. As well as "positive steps" by unions, employers and Government to overcome such obstacles to recruitment and training, the professors called for radical changes in degree-level engineering education.

Present selection of students for degree courses, based on the GCE Advanced-level results, was unlikely to be a reliable device for finding youngsters with the right sort of "high quality" engineering work as defined by industry.

The production of appropriately skilled engineers through the education system was therefore far from guaranteed unless a more "first class" and more effective measures for identifying students with the qualities necessary for practical engineering work.

Students accepted for engineering degree studies in future should be selected preferably at least a year after starting their course, into A and B professional streams.

The most academically able students would then pursue an extended course of four years' study of engineering, plus about a year of work in industry either before entering university or during a break after the first or second year of their course.

Students whose main abilities were less academic, possibly between two-thirds and three-quarters of the total intake, would take a three-year course mainly emphasising practical aspects.

We regard both the A and B groups as professional engineers and think that the three year people would be at least as able and educationally challenged as members of other professions such as accountancy and the law," said Professor Alex Chisholm of Salford University, closing the Engineering Professors' Conference.

"We see the Category A courses developing mainly in the universities. And although some Category B courses would be developed there also, we believe that the bulk of them would be largely the province of the polytechnics."

THE Government is to simulate a major oil tanker accident at Milford Haven, Dyfed, on Friday. A very large crude carrier, up to 400,000 tons deadweight, will simulate a collision with a passenger ferry.

Exercise Blackwatch will test contingency plans for coping with a major disaster involving aircraft rescue and severe oil pollution.

RAF helicopters will rescue "survivors" from the ferry after it has "sunk," and Royal Navy minesweepers will remove the disaster area. Local authority oil pollution officers will deal with beach areas assumed to be polluted with oil.

The contingency plan comes a week after navy divers sank the Greek tanker Eleni V, which was a simulation source for 24 days after being split by a French vessel.

The Prime Minister has asked for a report by July 1 of events leading to the sinking.

THE CONSERVATIVE Party must "wake up" and give the country greater leadership if it was to win the next election. Mr. Jan Hildreth, director-general of the Institute of Directors, said in London yesterday.

Speaking at a conference of Canadian and British businessmen, he asked for clearer thinking and decisive attitudes on crucial issues. "The British public must not be misled by the illusion of economic recovery in the run-up to the next election."

"However much the Prime Minister and the Chancellor of the Exchequer try to disguise the situation, the reality is that the economic future looks very bad," Mr. Hildreth said.

"The evidence available from our members makes clear that the current mini-spending spree, both by the public and by the Government, is obscuring the reality of our economic future."

"That reality suggests that in a few months' time we are in for another sharp burst of inflation, while unemployment persists at levels unprecedented since the war."

Industrial output, Mr. Hildreth added, was running at a deplorably low level, no higher

than it was during the three-day working week of January 1974. Imposed as a result of the miners' strike.

What the Institute wanted from the Conservatives was "clear thinking and decisive attitudes on the crucial issues of the day."

"What worries me most is that the relative moderation this Government appears to be showing is only the result of its precarious Parliamentary position. Were Labour to be returned at a general election with a majority over all parties, then even that semblance of moderation would disappear."

LORD Elwyn-Jones, the Lord Chancellor yesterday presided at a ceremony to mark the setting up of London's new Patents Courts.

European patent judges, Mr. Sam Silkin, QC, the Attorney-General, Mr. Peter Archer, QC, the Solicitor-General, and members of the Patent Bar and patent agents attended the ceremony.

Lord Elwyn-Jones said that the new court had been set up to bring together the changes of the last ten years, and to help deal with patents on a rational international basis.

The Patent Appeal Tribunal would disappear and appeals from the Comptroller of Patents would now be heard by the Patent Court, which had full High Court status. The right of audience of patent agents and solicitors would be preserved, he said.

The judges of the new court, Mr. Justice Graham and Mr. Justice Whitford, would have to deal with work of great complexity and would have to interpret the European Patent Convention. They will have increased jurisdiction.

Lord Elwyn-Jones said that the system would give the encouragement of inventions and would be of service to industry and the country.

TWO COMPANIES in the Lucas Industries motor components group yesterday faced a series of Rhodesian sanction-busting charges in Aylesbury magistrates' court.

Thirteen charges against Lucas Service Overseas, the export division of the group, and C.A.V. a Lucas subsidiary manufacturing diesel and fuel injection systems, involving goods worth £154,403, have been brought under section 18(1) of the Customs and Excise Act 1952, and allege breach of the Rhodesia United Nations Sanctions Order (No. 2), 1968.

The Customs and Excise Department applied to commit the companies and two company officials, for trial at Aylesbury Crown Court.

All the charges relate to events alleged to have taken place between February 1975 and June 1976. Lucas Service

WORK STARTED on more new houses in April than in any month since September, according to provisional figures from the Department of the Environment.

Both the public and private housing sectors contended to show the improvement in work levels which started earlier in the year. Builders started work on 10,000 new houses in April during April against 8,500 in the previous month, making it the best month for this type of house-building since October.

At the same time, contractors started work on 10,000 houses for the private sector against 12,200 in March. The April total was the highest monthly figure since September. The combined total of 20,500 was the best since last September's figure of 22,300 starts.

Taking the February-April three months total housing starts were, according to the Department, still down 6 per cent on the previous three months, but 2 per cent higher than in the same period a year earlier.

On the completions side, builders managed to finish a combined total of 22,400 homes during April against 23,800 in the month before. Completions fell from 12,100 in March to 10,300 while the number of private homes finished rose from 11,700 to 12,100. The Department calculates that, in the three months to April, the total completions were down 9 per cent on the previous three months and 5 per cent lower than a year earlier.

Conversions

The Department also said yesterday that an estimated 25,000 homes in England were converted or improved during the first quarter of this year with the aid of grant or subsidy.

Comparison with earlier periods are not available as the Department has introduced changes in reporting practices. The 12,000 grants to private owners in the first quarter were, however, 10 per cent down on the higher figure for the last quarter of 1977.

THE NEW STATE pension scheme, which started in April still does not meet the pension requirements of most employees of the Standard Life, the Scottish life insurance and pensions company.

The company says its pensions and death-in-service benefits are now an important area in employee relations, analyses the State scheme and shows that although the scheme is a considerable improvement on its predecessor, it still does little more than provide minimum level benefits.

The areas in which the State structure is particularly weak are highlighted, especially lump sum payments on death-in-service or on retirement.

Employers who have decided to stay in the State scheme, as advised by Standard Life in a booklet published yesterday, consider the various means by which companies can provide benefits additional to those provided by the State scheme.

The booklet explains how employers can do this in the most tax-efficient manner without getting involved in complex administration or investment.

Occupational Schemes for Contracted-in Employees. Available free from Standard Life branches.

AN AWARD has not been made this year in the civil engineering sector of the Concrete Society's design and craftsmanship competition because no entry was sufficiently outstanding.

Mr. Alan Muir Wood, leader of the four-man judges' panel, also said the quality of entries in the building sector was generally undistinguished.

The judges criticised entries in the civil engineering sector for over-elaboration of detail and poor sectioning. Impact, rather than cost saving, was the object of construction, though they added that design standards had risen steadily recently.

Many entries in the building sector had no shortcomings enough to attract attention to detail affecting the buildings withstood the weather.

The Concrete Society, a discussion group for architects and engineers, had 40 entries this year, the 11th in which an award has been made.

The building category of the competition was won by an extension to Wadham College, Oxford, designed by architects, Gifford, Kirk and Co. The consulting engineers were Moore, Vaughan Maclean and Partners, and the main contractor was Johnson and Bailey of Cambridge.

NORTHERN IRELAND'S first Argos catalogue showroom will open in Belfast on June 24. The showroom in Great Victoria Street will receive three shipments weekly from the Argos distribution centre at Daventry, and an annual sales target of £1.5m has been set.


THE DEPARTMENT of Trade has made a new Export of Goods (Control) Order 1978, which will come into operation on July 3.

Ten questions businessmen ask about Canada...

- | | | | |
|---|---|----|--|
| 1 | What are the regulations concerning agents who might handle my business in Canada? | 6 | What is the effect of Canadian customs, laws and practices? |
| 2 | What are the laws regarding the expatriation of profits or service fees out of Canada? | 7 | What is the procedure for applying for import licences, registration etc? |
| 3 | Can application to open a company or form agencies be made on a federal level, or do these have to be applied on a province by province basis? | 8 | What existing Canadian labour legislation should I know about? |
| 4 | What are Canada's tax laws, and how do they apply to international companies? | 9 | Are there any professional organisations, or chambers of commerce which can help supply information? |
| 5 | What government grants are available to help set up companies such as in slow growth areas? Are such grants available to international companies? | 10 | Can a large international bank like the Bank of Commerce offer local expertise and financial resources to help me in setting up my business? |

„One answer

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Oil meter kits for North Sea platforms

KENT INSTRUMENTS (members of the George Kent Group) has two orders for extensions to go on platforms in the Thistle and Ninian oilfields, to enlarge oil production metering stations already supplied by Kent. These are different from their predecessors, as they will be supplied in "construction kit" form. This is because the metering station extensions weigh many tons, one with an area of 30 sq. metres and the other, 44. But at the platforms they will be installed in

TAYLOR WOODROW CONSTRUCTION (NORTHERN), of Darlington, has been awarded a £1.08m contract by the North West Water Authority for the construction of a pumping station and sewage treatment works at Milham, Cum-
bria. Work has started and will be completed in 21 months.

Boeing 727, 737 and 747 aircraft. From British Airways a contract to build hundreds of cabin service trolleys for use on the new Lockheed L111-500 TriStar aircraft. Boeing has also placed an order to build wing flap sections for 707 aeroplanes. The orders - total nearly £2m. C. F. Taylor (Holdings) is a subsidiary of E.S.

★

Fourth stage of the development of the Kingswood Squash Club has started. It will include eight

BROWN AND PARTNERS, Dart-
ford-based materials handling
engineers. This is designed to
convey nuts—used for animal
feed—from pelleting machines
to four bagging stations via
800mm wide troughed belt
conveyors, and a belt-and-bucket
elevator, at a rate of 60 tonnes/
hour.

★

HAPV PARAMOUNT, Crawley, is
to supply 132 reformer tube
assemblies worth £24,000 to
GKN Birelyon for reformers for

SIRTON, Twickenham, has been awarded a contract by Bimac. Scunthorpe, to design, supply and erect an acid tar decomposition plant at its works at Llanwern, South Wales. The plant is designed for maximum heat recovery and will provide the full water stream requirement. Total project value is about £1m, including civil works being under-

*** DOOR-OLIVER COMPANY.** Crodon, Surrey, has secured its first major order for a new disc pressure filter (URDE System). The £500,000 order from Van den Berghs and Jurgens is for nine 36 square metres stainless steel filters to be used in a refinery expansion programme at Purfleet.

*** The Glasgow firm, REFRACTORY SERVICES,** has won two orders, each worth £1m, from Britain's steel and power industries. The first, placed by Davy Ashmore

As a further stage in the £14m development of the British Sugar Corporation's factory at Cantley, near Norwich, a new pulp nut

STEIN ATKINSON STORDY, Wombourne, has received an order from The Wednesbury Tube Company (member of the Glynwed Group) for a two tonne roller, continuous, free-fed roller.


RACAL SLOUGH has a £500,000 contract awarded by the Ministry of Defence for Procurement Executive, for sophisticated synthesiser-controlled VHF/UHF receiving systems designed for radio interference and electromagnetic compatibility measurement or analysis. Frequency range is 100 kHz to 1 MHz, although this can be extended to 6 GHz. Capable of local or remote computer control operation, the system has monitoring facilities which enable features such as panoramic display, X-Y recording and automatic probing to be used. Antenna probes are avail-

International and the British Steel Corporation, is to rebuild the hot blast stoves at the Ravenscraig steel plant at Motherwell, and install refractory linings in the blast furnaces. The firm plans to modernise the plant. The other two are from the Central Electricity Generating Board with a subsidiary Demolition, to demolish a power station at Bradford.

F. F. TAYLOR (HOLDINGS) at Wokingham and Hurn has received several large orders. These are for aircraft galley equipment for Lufthansa, Malaysian Airlines, Cathay Pacific and Avianca for equipment for

bagging and outloading plant is being constructed by W. W. C.

A FINANCIAL T ACCOU



nearth furnace to bright anneal
copper tubes.

TIMES SURVEY
ITANCY



Two Meissen vases make £4,000 at Sotheby's

PAIR of Meissen hexagonal
Kakemono vases, c. 1728, sold
for £4,000. Dat Sotheby's yesterday
for Southern pottery and por-
celain sale which totalled
£2,672.

A more surprising price was
£3,400 for a northern Nether-
lands malicola dish of the early
century, which had been
estimated at about £300.

A rare Doccia reticulated lea-

(\$858,000).

The top price of £36,464
(\$68,000) was paid for *Our
Horse* by F. de la Horse by Sir
Alfred Hunnings.

A second work by Munnings,
of which five were included in
the sale, went to an English
buyer for £5,201. It depicted a
member of a hunt on a white
horse surrounded by a pack of
hounds.

of George H. Munnings.

BY ANTHONY THORNTON,

aid £1,300 for 51 letters by Valier de la Mare, and Bloch sold a 17th-century map of Sir George Egerton, the Arctic explorer.

Museums and institutions were among the buyers, the Royal Society's Museum of Natural History buying a mid-17th-century military annual for £100; the Imperial War Museum 50 First World War letters by Lt-Col George Smith for £250; Shrewsbury School, the household diaries of a wife of a Victorian headmaster of the school for £220; and the Bodleian in Oxford, two volumes, for £30.

The opening day of Christie's sale of the contents at Ravenscroft, St. David's, Pennsylvania—his home in the USA—brought in £1,400. Christie's daughter, the founder of Campbell Soup—saw a total of £474,033.

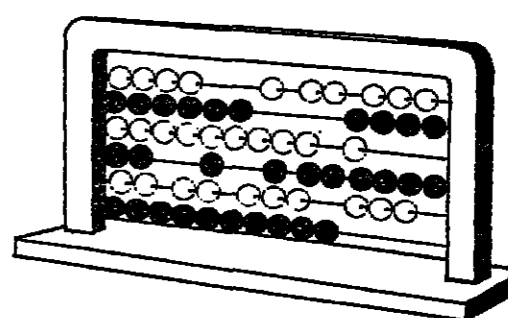
century went to the Florida dealer, Weber, at £17,015, and a pair of George III giltwood pier mirrors went to Selin, the New York dealer, at £13,370.

A sales of rare wine conducted by Christie's in London on Monday realised £31,673.

Christie's sale of Japanese swords, fittings and armour realised £31,591 in London yesterday. A pair of a Japanese dealer, paid £3,900 for an collection of swords and scabbards of the late 17th century.

A sale of Chinese 17th-century furniture realised £13,387, and a pair of a new Windsor elbow chair from a semi-detached house in Southampton, Lancs., sold for £500 to a private buyer. The estimate was £300 but the "billy vendors had thought it would make "about £50."

A FINANCIAL TIMES SURVEY ACCOUNTANCY



JUNE 29 1978

The Financial Times is proposing to publish a Survey on Accountancy on Thursday June 29 1978.

The main headings of the provisional editorial synopsis are set out below.

**INTRODUCTION
THE STATE OF THE PROFESSION
INFLATION ACCOUNTING
ACCOUNTING STANDARDS
THE NEW AUDITING STANDARDS
THE NEW EEC DIRECTIVES
THE REGULATION PROBLEM
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The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

هكذا من الأصل

HOME NEWS

Troubled mine gets £20m. more

BY PAUL CHEESRIGHT

NEARLY £20m will be injected into the troubled loss-making Cleveland potash mine at Boulby, north Yorkshire, this year, by Imperial Chemical Industries and Charter Consolidated.

So far about £100m has gone into the mine—£40m representing operating losses and the rest in capital costs. The mine is still producing at only 40 per cent. of capacity.

Plans for the injection were disclosed yesterday by Mr. Murray Hofmeyr, chairman of Charter. His group's annual figures show provision of £7.5m against the investment in Cleveland Potash.

In the year to last March, production was doubled, but the operation remains below the break-even point.

Latterly there has been a deterioration in industrial relations at the mine, checking a build-up in production which took place in March and April. "There is nothing holding back the mine except setting everybody to work together," Mr. Hofmeyr said.

This, Britain's only potash mine, represents the largest single investment in the UK mining sector, started production in 1973 but has never lived up to the expectations of the owners.

Solved

Early problems included the undulating nature of the potash seam, which varied in width and richness. The mine remains gaseous—a blow-out last August caused a death—its temperature is high, especially so to mine workers coming from the community with no tradition of underground work.

Many of the technical problems have now been solved. Over the past year wider seams have been mined and the ore grade has been higher. A drilling technique which pushes up to 1,000 metres ahead of the workings has indicated the quality of ore to be found.

More continuous mining machines have been introduced. They gouge rock and claw out the rock, reducing the need for explosives.

In March and April output exceeded 30,000 tonnes. More normally the output has been around 20,000 tonnes a month.

Prospects of bringing back production to the March and April level and then improving on it are seen by management as depending on an improvement in industrial relations. Negotiations on pay and an incentive scheme are expected soon.

Meanwhile, labour turnover remains high. Some 40 per cent of the mine's employees—now numbering nearly 1,200—have been on the payroll for less than a year. Absenteeism has increased in recent weeks.

At the same time, potash prices have gone against the operation. At around £41 a tonne, they are less than a year ago, while currency fluctuations have cut revenue. Few of the world's potash mines are making money under present conditions.

Mining news, Page 26

Ebbw Vale plan to boost tinplate output

BY ROY HODSON

BRITISH STEEL Corporation plans to invest a further £106m on tinplate production at Ebbw Vale, South Wales, where a £57m tinplate plant was opened yesterday, are believed to be regarded sympathetically by the Cabinet.

Such a development, in an area with a 16 per cent unemployment rate, would not necessarily conflict with EEC restrictions on higher steel output. A tinplate development at Ebbw Vale would be classed

as a "downstream" operation to improve the quality of raw steel production by British Steel.

Mr. Michael Foot, Lord President of the Council and MP for Ebbw Vale, said yesterday that he believed that the investment and the corporation could be on the "verge" of a decision about the future expansion of Ebbw Vale tinplate production.

The development, opened yesterday, will provide an extra

100,000 tonnes a year of high-quality tinplate for the canning markets at home and overseas.

British Steel produced 1.1m tonnes of tinplate last year, and will raise sales to 1.3m tonnes this year. Tinplate is proving to be one of the few growth sectors in the iron and steel market.

The £106m future investment now being discussed for Ebbw Vale would provide several hundred new jobs.

Scandinavia air pact talks in August

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

FURTHER TALKS on a new Anglo-Scandinavian air services agreement will be held in August, after the failure of a recent meeting in Oslo to settle outstanding differences on such matters as new air routes and future fares levels.

The Scandinavian countries gave one year's notice of termination of the existing agreement late last year. Unless a new pact can be settled by December 31, air services between the UK and Scandinavia technically must cease from January 1.

Although the present discussions have been slow, the UK hopes that a new agreement can be reached in time. The UK major provides gross revenue of £50m to UK scheduled airlines, primarily British Airways, with another £4m in charter revenues.

It is more valuable to the Scandinavians, however. Their joint airline, Scandinavian Airlines System (SAS), earns £39m a year on scheduled flights to the UK, and another £8m from charter operations.

Total business worth £88m a year is at stake, and this is expanding at about 9 per cent a year.

The UK negotiators at the Oslo meeting made some big concessions to the Scandinavians, but were disappointed that these were not discussed at any length.

The UK, for example, considers that it would be justified in asking for separate discussions with Denmark, Norway, and Sweden, but has agreed to negotiate a new bilateral pact with the three Scandinavian countries together.

Britain offered to open all UK cities with international airports to scheduled flights from all Scandinavian international airports—in effect creating a new "free trade area" in civil aviation between the country and Scandinavia that would eliminate lengthy negotiations over individual air routes.

The Scandinavian negotiators did not accept this proposal, largely, it is believed, because of fears that Scandinavia would be swamped with UK scheduled air services.

The UK then agreed to modify the scheme and discuss some limits to the capacities available on the new routes that would be created between the two countries. This was also unacceptable.

The Scandinavian team countered with a proposal that certain existing routes between the UK and Scandinavian countries by independent airlines should be eliminated—such as Dan-Air's flights from Newcastle to Bergen, Stavanger and Kristiansund, the Air Anglia flights from Edinburgh and Norwich to Stavanger and from Aberdeen to Bergen, and British Caledonian's flights from Edinburgh/ Newcastle to Copenhagen.

This suggestion the UK rejected outright.

It is expected that a meeting will be held in August to discuss the question of cheaper air fares between the two areas. The UK's view is that present rates are too high, and that some reductions should be made with a view to boosting traffic. No date has been fixed for this latest meeting.

Government refunds road tax to 100,000 motorists

BY DAVID CHURCHILL

THE GOVERNMENT has refunded about £1m to almost 100,000 motorists who claim they were misled into paying too much road fund licence at the time of the March, 1977, Budget.

Nearly 206,000 people applied to the Department of Transport for a form claiming a refund licence reminders sent out for date submitted. The Department has paid 98,436 claims so far and has 38,000 to process.

Of these about 31,000 are believed outside the criteria for repayment set by the Department, and 30,016 claims have already been rejected.

The Department has not released details of the exact level of refunds, which vary according to the type and length of licence bought by the motorist. The figure is believed to be approximately £1m so far.

The refunds were offered by the Department after criticism by the Parliamentary Ombudsman of ambiguous wording on licence reminders sent out for date submitted. The Department has paid 98,436 claims so far and has 38,000 to process.

Three members of the public complained to their MP, who told the Ombudsman that they had

delayed buying a new licence because they understood the reminder notice to mean that they would have to pay the higher fee even if they bought a licence before the Budget.

After studying the Ombudsman's report, Mr. William Rodgers, the Transport Secretary, decided that a mistake had been made and that it would be only fair to offer refunds to other motorists who claimed they were misled.

Critics of Mr. Rodgers' decision say that the Government has been too generous. It is unlikely, they claim, that some 100,000 people were misled by the wording.

Go-ahead for iron pipe plant

Financial Times Reporter

BRITISH STEEL Corporation is to go ahead with an £18m development for the manufacture of large diameter ductile spun iron pipes by Stanton and Staveley, part of the Tubes Division.

The project is due for completion by mid-1980, and the main feature will be a new spun iron pipe plant at Stanton Works, near Nottingham.

This will cost about £16m, and will be backed by a £2m development at Staveley Works, near Chesterfield, to make large diameter pipe fittings. The scheme will create 135 extra jobs.

The new equipment, on a site alongside the central melting plant at the Stanton Works, will be capable of making 55,000 tonnes of spun iron pipes a year, with a maximum diameter of 1600mm (over 5 feet), and up to eight metres long.

The corporation says that this will meet a growing demand in the home and export markets, by more than doubling the existing plant capacity, and widening the product range by producing pipes of larger diameter and longer lengths.

To support the plant, the foundry at the Stanton Works will be modernised and upgraded to produce the larger fittings required.

Finishing and coating plant, computer-controlled, will be included in the new production line. This will line and coat the iron pipes with concrete.

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Baby products concern backs charity

JOHNSON AND JOHNSON, the U.S.-owned baby and medical products manufacturer, is to join forces with the Save the Children Fund, Britain's largest international children's charity, in an eight-week U.K. promotion campaign to raise £20,000 for children's vaccinations in the Third World.

The scheme, the high spot in a £850,000 summer selling campaign by Johnson, may net the company an extra £1m in sales. During the nationwide campaign, starting on June 12, every Johnson baby product will be sold at cut-price and marked with a special "Save the Children £20,000 Appeal" tab. For every six tokens sent to Johnson, the company will forward £1, up to a £20,000 limit, to the charity.

OBITUARY

Sir Ian Lyle

SIR IAN LYLE, who died suddenly at his home in Somerset was chairman of Tate and Lyle from 1964 to 1964, then president until his retirement this March.

Sir Ian, 71, who was a great-grandson of Abram Lyle, founder of the sugar company which became Tate and Lyle, joined the company in 1931, becoming a director four years later. He played an important role in the company's successful fight against nationalisation between 1949 and 1951.

During his time as chairman, the company bought a controlling interest in the Canada and Dominion Sugar Company and also widened its interests in the UK, Africa and the Caribbean.

From 1948, Sir Ian was active in Aims of Industry (now Aims for Freedom and Enterprise) and was president from 1967 until this year.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOLETERS

Oil Technology Making sure of an important pipeline

X-RAY CRAWLERS for the internal inspection of heavy duty pipelines are to be supplied by BIX International to Suez Canal S.A. for operation on the massive steel pipeline project which will link the Tunis with southern Italy.

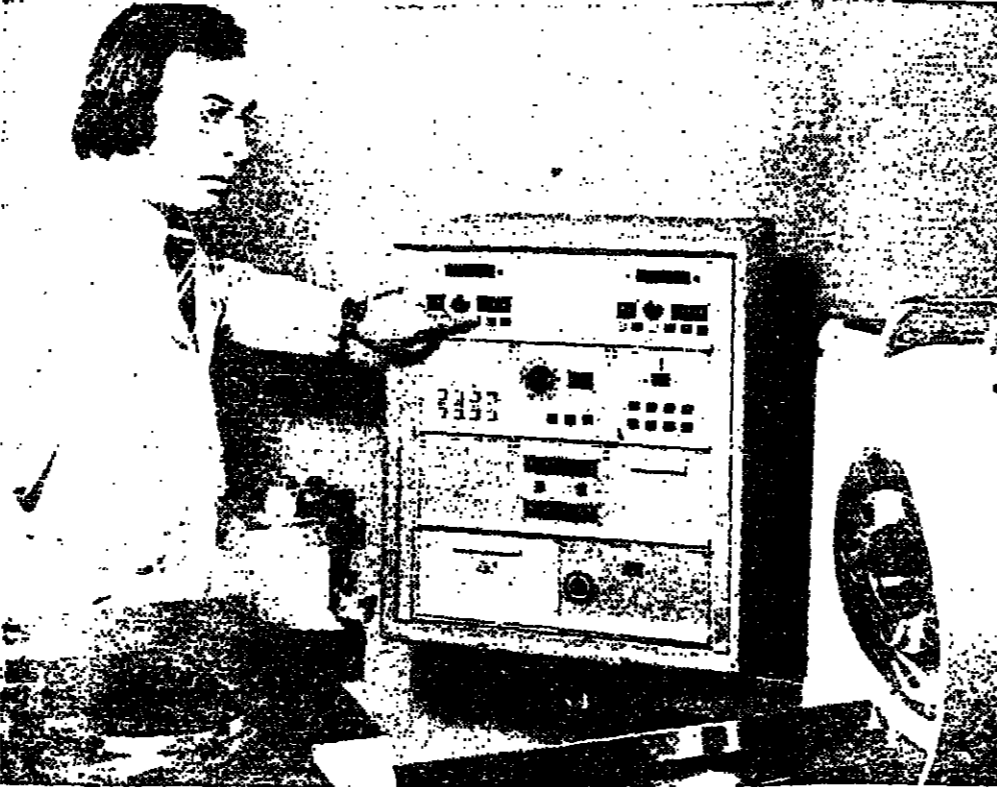
The line will cross the Mediterranean to Sicily and then pass under the Straits of Messina at depths between 1,800 and 2,000 feet. The 20 inch pipe will have walls about 1 inch thick.

Laying will take place from the Castor 6 laybarge and initially, BIX will familiarise engineers with the use of its three crawler units, as well as maintenance routines.

The weld inspection operation is expected to last for four to six months and work will begin next month.

BIX Series 2 machines provide

Metalworking Modernises the simple tools



This is the control section of a two-part version of the Talisman equipment for the automation of basic machine tools, such as lathes, drills and mills.

TALISMAN describes equipment by Toolmasters Controls for automating basic machine tools — lathes, drills and mills — in a most simple and inexpensive way. The technology has been kept unsophisticated, and it can be adapted to fit either new or existing equipment.

Both single and multiple workpieces can be produced. In the case of multiples, as the operator makes the first piece, all the movements of the machine are recorded on a magnetic tape cassette. When played back, this will reproduce exactly all the machine movements, without the inevitable delays which result in drawings or charts have to be interpreted.

Electronics Stabiliser for a hovercraft

DISPLAYED BY Marconi Avionics for the first time at International Naval Expo in Rotterdam is an electronic stabilisation system it has developed and tested in conjunction with Hovermarine Corporation for use on the latter's rigid sidewall hovercraft.

Derived from the hovercraft principle in Britain, these Hovermarine craft have been developed with support from NRDC, although the company is wholly U.S. owned.

The Hovermarine vessels, a very large capacity one of which is an advanced stage of development, lack the ability to come up on land which is one of the characteristics of the full

hovercraft. But with sidewalls, propellers and rudders constantly in contact with the water, they have exceptional manoeuvrability and a high turn of speed.

The autostabilisation system has been tested on an HM2 version, which can operate as a ferry, and it applies controlled movements to the angled rudders so that rolling motion can be damped out at it occurs.

Rotterdam port has four of these vessels (HM2 Mark 4's) on order for a number of applications and the new development is expected to extend the possible areas of use for this versatile craft, apart from naval operations.

The same group is showing an automatic low-light camera which operates all the way from starlight to sunlight conditions without human intervention.

Offered in this instance for naval purposes, its suitability for surveillance in many conditions clearly provides other areas of use. More data from Marconi Avionics, Airport Works, Rochester ME1 2XX, 0613 44400.

Simple current control

FIRST programmable constant current source integrated circuit to be offered has been developed by National Semiconductor. This unique device, the LM 134, is also designed to operate as a current-mode temperature transducer.

As a current source the circuit will replace field-effect transistor current sources as well as discrete circuitry in such applications as oscillators, light meters, time delays, power supplies, impedance measurements, micro-power biasing and active filters.

As a current-mode temperature transducer, the LM 134 is designed for remote temperature sensing applications now requiring as much as 26 to 115 worth of discrete and hybrid circuitry. It is programmable over a 10,000 to 1 range in operating current, from 1 micro-ampere to 10 milli-

Pumping Continuous feed unit

COMPLEMENTING ITS range of high pressure, low flow, peripheral pumps, is a new range called PSTs from British Guinard Pumps, Kernan Drive, Loughborough, Leics.

Constructed in all bronze to pump hot or cold water the pumps, says the company, are particularly suitable for use as a feed pump on small boilers, steam raising machines, and other situations requiring high pressure at low flow of clear liquids. The pumps are close coupled to a 0.3 hp induction motor running at 2900 rpm and models are available for use on single phase or three phase electrical supplies. The motors are rated for continuous operation. More on 01507 0854 or Loughborough 31572.

A pig for most jobs

A MULTI-USE pipeline pig, called the Vantage IV, is lightweight, easy to assemble and maintain. The design is consistent throughout the size range of 16 inches to 48 inches so that one pig body may accommodate more than one size end and, says the company, the conical shape of the flexible urethane cups ensures longer wear and excellent sealing ability. More from the company's European headquarters at Chaussee de Charleroi 27, B 1050 Brussels (32 2 538 88 42).

Sensing rig reactions

EMI ELECTRONICS of Woking has been awarded a contract by Shell Expro for two geotechnical and meteorological data logging systems to be installed on the offshore platforms A and Brent C platforms.

The mini-computer-based systems process the output from 60 sensors on each platform and record measurements of deep and shallow pore pressures, deck and casing movement, short term settlement, temperature, wave height, wind speed and direction, barometric pressure, etc. Automatic monitoring of each channel in a given sequence can be overridden either manually or by a pre-set alarm condition.

In addition to a mini-computer, each system incorporates analogue, digital and frequency interface units, multi-channel

Computing Currency terminals success

FOLLOWING THE successful trial by American Express in Edinburgh and Glasgow offices of currency exchange computing systems developed by Software Science Micrologic, further equipment are to be installed at the Nice, Amsterdam, Munich, Lucerne and Vienna offices.

Providing a solution to the time consuming and costly problems of accounting balancing during or after close of business, each of the currency systems will have a special-purpose keyboard with keys for specific functions and for most-used currencies. Each terminal also has a single line visual display and a tally roll printer with audit trail record.

The terminals act as input/output devices to the controlling Texas Instruments 990/4 processor—handling the calculation and recording of currency exchange transactions—and provide on-line facilities for the interrogation of current balances for example. The use of mainframe-compatible discs permits the transfer of branch accounts to a central system when necessary. More on 0252 44321.

Transport Hungarians buy British

BUDAPEST FRV (the equivalent of Budapest City Council) has just taken delivery of 20 vehicles from Air Drive of High Wycombe as part of a £1m contract involving the conversion of Bedford KB-7 tonne vans into completely independent self-clearing site vehicles.

The British conversion incorporates a chassis-mounted 100 cfm air compressor driven off the vehicle's engine to power road

or controlled feed-rate. The machine moves on a predetermined distance when the required figure is dialled on the thumbwheel switches and the direction button is pressed.

The display module generates pulses which are fed by way of the cassette recording unit to the motor drives. These provide the power for the stepping motors and drive the areas relating to each machine axis. The cassette recorder registers the pulse trains and also the signals for the auxiliary functions and, on play-back, takes complete control of the machine tool.

Toolmasters Controls, Perimeter Road, Woodley, Reading, Berks RG6 4BX.

Conference Boss 79 in London

BECAUSE INCREASINGLY rigorous conditions under which oil-winning structures have to work demand a continuous revision and development of the technology governing such operations, a second international conference on the Behaviour of Offshore Structures will be held at Imperial College, London, from August 27 to 31.

It will cover waves, currents and fluid loading, the statics and dynamics of structures, material properties and behaviour, soil mechanics and foundation engineering, and the interactions between these disciplines.

Further details from the Conference Secretariat, BOSS 79, BURA Fluid Engineering, Cranfield, Bedford MK43 0AJ. (0234 750422).

Handling Bars safely straightened

LATEST HEALTH and Safety interdict and outlawed, both motivated by Schrader cylinders. The entire machine cycle takes about 15 seconds and bars of up to 11 inches diameter may require length can be handled.

The company says it chose pneumatics to control the machine because they are less likely to break down under the adverse working environment—swarf, scale, dust and vibration—than fully electrical control systems. Pneumatic control valves are all centralised in a dust-proof cabinet and the operator can render the circuit tamper-proof by a lockable valve.

A prototype is already in operation at Firth Brown of Sheffield.

More from the company at Walkmill Lane, Cannock Staffs WS11 7LR (Telephone 2644).

Instruments Tested as it moves

FORBIT has launched equipment which allows the wear on bearings and other moving machine parts to be measured without stopping the machine in which they are incorporated.

In practice, drive to the machine is switched off just long enough to enable accurate measurements to be effected. The build-up of the forces within the moving mechanism—can then—be accurately estimated on a periodic basis. But the machine is never required to stop until

In the Office Speeds the passage of papers

DESIGNED FOR use in the medium sized office or factory, is a mid-range air tube system called PaperLink from D. D. Lamson, Gosport, Hanis.

Using a single length of tube, the PaperLink system can connect up to twenty five send/receive stations. Cylindrical carriers take papers from any station to any other station. The forced air flow, by which carriers are quietly propelled along inside the tube, starts when a carrier is put into a send station and its destination then keyed into the station's central panel.

Air can flow in either direction along the tube depending on the location of the carrier's destination. Once the carrier has arrived the air flow is switched off automatically to save power. More on 07017 87311.

Components Moving into plastics

WEST PHARMARUBBER which has for the last ten years specialised in rubber moulding for the pharmaceutical and health care industries, has announced the formation of a company in association with the Johnson & Jorgensen Group, to manufacture injection moulded plastics products for the same industries.

More than £1m will be initially invested in the company to provide an additional but completely independent manufacturing unit for customers of Johnson & Jorgensen (Plastics) with concentration on developing specialised items for the health care industry. More on 01-692 0377.

Modular keyboard

AVAILABLE from Electronic Engineering Services of Penze, London, SE20, is a keyboard system which can be supplied either as a fully commissioned customer specified unit or as individual key board components which can be assembled in mosaic fashion to suit the requirement.

Maximum height above the circuit board base is 15 mm and the keys have a plunger movement of 4 mm.

This Rad RST6 system offers six basic key-top styles (coloured lamp and LED versions available) which can be fitted to either conventional gold-plated contact switches, or contactless Hall effect devices. More on 01-659 4926.

By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

DOING BUSINESS IN THE ORIENT?



When you're doing business in the Far East, it helps to have the right connections. It's important, too, to have convenient travel connections. To arrive fresh enough to ensure a successful visit. Connections like the four SAS express routes with 9 weekly flights from Copenhagen. SAS has a way and a day to suit your timetable.

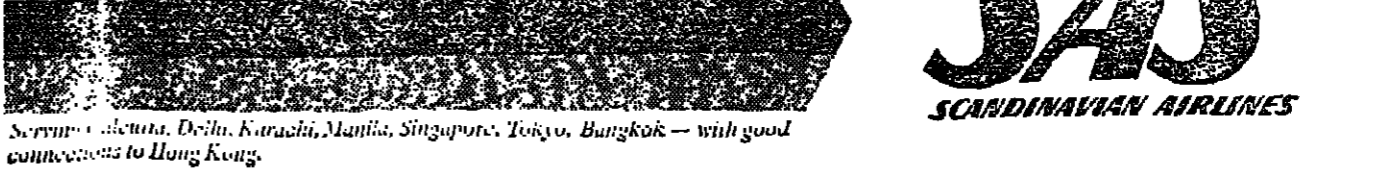


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Whether Isaac Walton ever fished the Usk matters little—this solitary angler is only 15 minutes from central Newport, the development area that offers excellent communications and fine leisure facilities.

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Add to these benefits the wide range of sites and a helpful council and it is easy to understand why so many leading companies have re-located here. So follow others' success—find out more about Newport by contacting the Chief Executive, Civic Centre, Newport, Gwent. Tel: 0633 65491.



The Management Page

After last week's look at the re-organisation of Babcock and Wilcox, the managing director of its boilermaking company, Ron Campbell, gives his personal view of the characteristics of a manager

The personality mix which makes for good teamwork

THE QUALITIES a manager should have are well-known: integrity, ability to get on with people, clear-sightedness, stamina, persistence, orderliness, creativity, decisiveness, self-reliance. He should also have good knowledge of the field in which he is to operate; or alternatively the type of quick, receptive mind that allows him to learn rapidly and translate his experience in related fields to the problems of the new one.

Another is the ability to receive signals from other people. First of all this means listening to what they say. But it also means being receptive to all the other visual signals involved in communication between people—facial expressions, body movements, etc. Only by receiving full feedback will the manager understand how others are likely to respond to proposed courses of action.

It is surprising how often one comes across otherwise very able people who have a blind spot in this one area and can give a quite contrary impression to the one intended, when, for instance, they are talking to their staff, because they are not aware that some of their words had been incorrectly interpreted. I have been in situations where two people have been talking at each other and not communicating—where they needed someone to interpret what they were trying to say to each other.

Another important attribute is intelligence. But we need to differentiate between intelligence and cleverness. I like the definition given in the Financial Times recently—the "faculty of understanding"—as opposed to cleverness which was defined as the ability to process information in the manner of a computer. In management it is intelligence we are looking for. Not so useful is the highly intellectual person who can see all facets of a problem but either cannot stand back to see



Managers are born either No. 1s or No. 2s

what are the really important issues, or who tries to set policy on strictly logical grounds, forgetting that the policy has to be implemented by imperfect human beings.

Managers who score high markings in all the desirable qualities are very rare; we therefore have to arrange teams to cover weaknesses and utilise strengths to the full. The manager with a lot of flair and creativity may well be rather unmethodical, but harmonious relationships can be set up which harness the strengths of two people. It doesn't matter too much who works for whom in some cases as long as the personalities are compatible—a necessary requirement of any successful partnership.

Where it does matter who works for whom is the strange definition of what I call No. 1s and No. 2s in any team. By No. 1 and No. 2 I mean not the relative positions they occupy but their personalities.

The No. 1 is the natural leader, with the qualities of self-reliance, independence of thought, ability to gain respect and to motivate others. The No. 2 is the man who, while he can

is not sensible, bearing in mind the need for experience at the different levels—then some of the teams must have No. 1s reporting to No. 2s. Points where this occurs are potential sources of discord, particularly if the two individuals are a long way apart in the No. 1/No. 2 scale.

Nowhere is it more important to avoid having a No. 2 in charge of a team than at the top of the management structure. It is bad for the health of the company or division if that is allowed to happen; and bad for the health of the manager himself. He will tend to collect other No. 2s around him to avoid the discomfort of having to deal with No. 1s, who tend to be more prickly individuals. The inevitable result is poor team performance.

I believe that if we could measure positions across the No. 1/No. 2 spectrum, for a team to register a good performance its average mark would have to be above a certain figure. This condition can be fulfilled by having a team leader who is very high in the No. 1 scale with a lot of No. 2s as his immediate subordinates, but in this situation there is the disadvantage that the heir apparent is not being trained.

There is one other classification into which I would divide managers: doers and be-ers—those whose satisfactions derive from achievement of work or of status. The worst possible situation for No. 1 members of a team occurs when the leader is a No. 2 and is also a be-er. This can only lead to the maximum frustration.

Looking at the top structure of a company, both chairman and managing director ought to be No. 1s, their talents and experience should be complementary.

Ron Campbell is managing director of Babcock and Wilcox (Operations) which will have a controlling interest in the proposed boiler-making company to be formed with George Chapman.

Subservient

I have written as though everyone can be fitted into one category or the other. In fact, there must be continuous spectrum in this as in any other human quality and it is the relative positions in the No. 1/No. 2 scale which matters when considering how two people will work together, particularly if the No. 1 is to be subservient to the No. 2.

But why put a No. 1 under a No. 2? The answer is that there are many teams with a total management structure, with the same individual occupying different positions in different teams. Unless all the No. 2s are to be found at the bottom of the overall structure—and that



Will U.S. product liability awards be enforced here?

BY A. H. HERMANN

JUDGMENTS IN American courts on product liability claims for compensation may soon be much more easily enforceable against British companies in British courts even if the faulty goods were never sold in the U.S. A draft UK/US convention on civil judgments, which has already been initiated, could have a profound effect on British manufacturers and insurers, for those without assets in the U.S. But even this protection strict product liability laws and would be removed by the high civil awards in American courts.

As the law stands British industry is to a certain extent insulated from the effects of U.S. product liability rules.

It could happen that a British-made car built ten years ago, respect U.S. jurisdiction to an extent far beyond that envisaged by common law rules. The U.S. is then driven into a wall killing the driver and seriously injuring one of the passengers. The injured passenger and the family of the killed driver could claim that the accident was due to a failure of the steering gear and ask for damages in the U.S. court. If the British maker of the car was unable to prove that the steering gear he could be held liable and the plaintiffs could be awarded compensation under Article 10/1 of the Convention such an advertisement would have to be specifically directed to the territory of the U.S. but U.S. courts could possibly hold that advertising

Such a judgment, which to an English lawyer appears far from reasonable, would be virtually impossible to enforce in the UK. Under Common Law rules, an English court would probably not entertain a claim for damages in the U.S. court and the application of U.S. law. This protection, which has already been initiated, could have a profound effect on British manufacturers and insurers, for those without assets in the U.S. But even this protection strict product liability laws and would be removed by the high civil awards in American courts.

If implemented in its present form, the UK/US Draft Convention on the Enforcement of Civil Judgments would oblige UK courts to make car built ten years ago, respect U.S. jurisdiction to an extent far beyond that envisaged by common law rules.

In the case of a British-made car sold second-hand in the UK and exported to the U.S. and crashed against a wall 10 years later, at the present UK courts would not recognise a U.S. judgment against a British manufacturer of the steering gear and ask for damages in the U.S. court. If the British maker of the car was unable to prove that the steering gear he could be held liable and the plaintiffs could be awarded compensation under Article 10/1 of the Convention such an advertisement would have to be specifically directed to the territory of the U.S. but U.S. courts could possibly hold that advertising

The impact of the Convention would not be limited to British exports alone. Under the U.S. Jones Act, for example, which provides for strict liability for accidents on vessels at sea, a U.S. court can assume jurisdiction whenever the foreign owner of the ship has a U.S. affiliate. Leading British companies now seem to be quite alarmed about the proposed Convention. With the threat of U.S. product liability awards, it is only surprising that they have not reacted sooner. The explanation of this may be that though the draft of the Convention was initiated in October 1976 it was not publicised until a few months ago; industry and insurance companies began to protest only when the Department of Trade asked their views.

Strict U.S. liability laws, large awards by juries, and contingency fee actions brought without risk of legal costs means the effect of the Convention could be very one-sided.

There is little doubt that all aspects of the proposed Convention should be discussed very thoroughly while there is still time to revise the draft.

According to a recent report by Lloyd's British product liability underwriters are currently asking for premium rates of up to 20 times the UK rate for the products being imported to the U.S. Because under the Convention U.S. jurisdiction would be extended also to goods which were not exported to the U.S. but were available elsewhere and subsequently taken to the U.S., product liability underwriters may well increase premiums also for products exported to other destinations.

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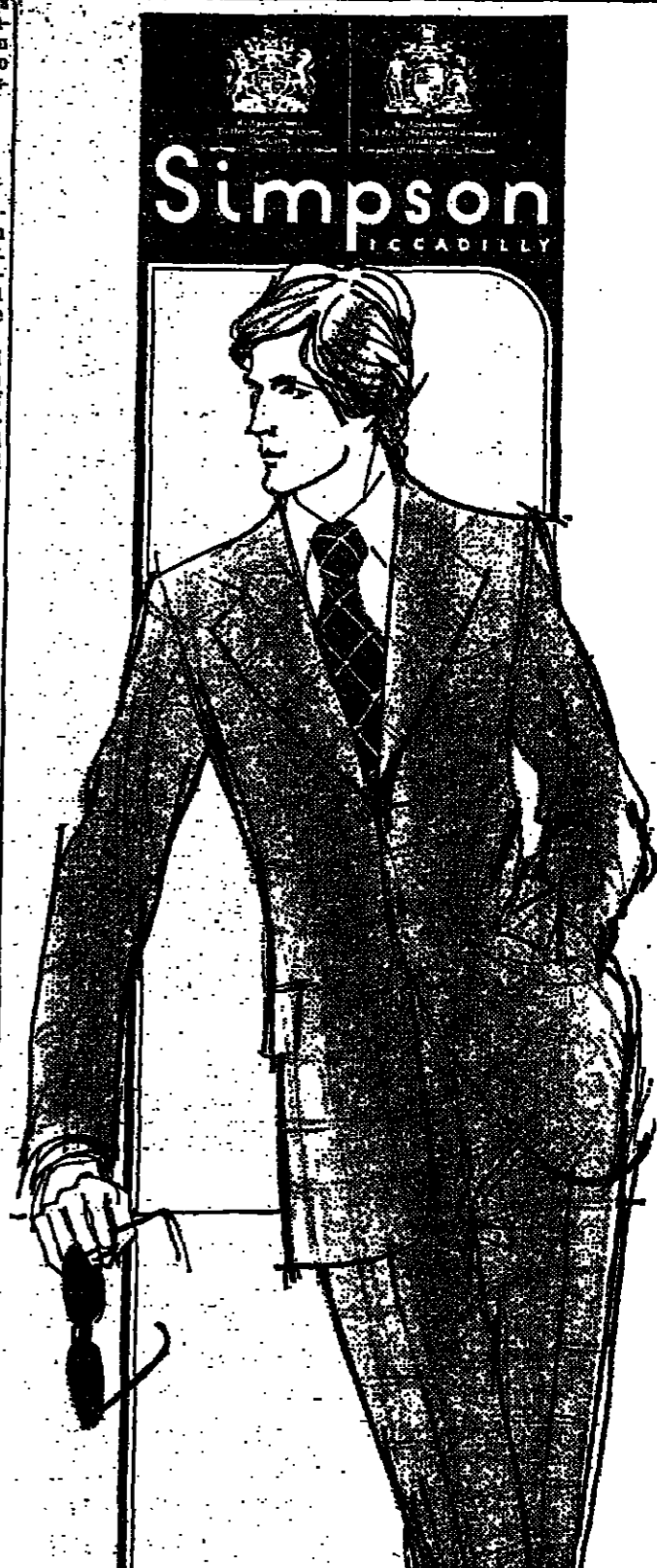
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FINANCIAL TIMES SURVEY

Wednesday June 7 1978

Political strain begins to show

by David Tonge

GREECE

Four years after the fall of the junta, the growing polarisation between left and right indicates that some central problems of Greek politics remain unresolved. The economy needs modernisation, and there is the question of the country's future relationship with NATO and with the EEC.

NEXT MONTH will see the fourth anniversary of the afternoon when the Greek junta called the self-styled Constantine Karamanlis back from Paris. But it is an indication of lost opportunities that even today the question persists of how stable is parliamentary government in Greece.

The past four years have seen the formal abolition of a long-discredited monarchy, the promulgation of a new constitution, and two parliamentary elections. They have also seen the Karamanlis governments re-establishing the weight of the institutions of state such as the armed forces, police and civil service, tainted by the junta. But this has been achieved by protecting these institutions from popular demands for purging and by re-directing them to serve the governments of today. It has not been the result of any major cleansing from them of the individuals whose open or secret support buttressed the junta.

As a consequence the tradition of near-authoritarian rule first practised by the Bavarian King Otto who was imposed on Greece in 1832 has to some extent been maintained. The hopes of those who resisted the junta that its withdrawal would be followed by a major rebirth of Greek life have yet to be realised. Further, the institutions have kept their spirit of dominating and blocking change at just the time when change is not only being demanded at a popular level but is also being forced on Greece as a side effect of its impending accession to the EEC.

The Government is thus under the pressure of both the opposition and the expectations

of Western Europe. Articulation of these expectations is still muffled, in part because of a lack of awareness in many quarters of how far Greece lags behind the Community in the social and economic field, and in part because members of the EEC have become accustomed to identify the political fate of Mr. Karamanlis with the parliamentary future of Greece.

But an increasing understanding of the situation in Greece and a reluctant acceptance in EEC circles—if not those of NATO—that the socialist leader, Mr. Andreas Papandreu, is in the last resort a buffer against Communism mean that from Western Europe too the pressures on Mr. Karamanlis must grow.

In Greece itself the problem is historical in that by the mid-1960s the institutions which had evolved after the defeat of the left in the civil wars of the 1940s were no longer able to meet popular demands for more open government. Indeed, when the junta fell, calls for a purging of the state machinery were not aimed merely at punishing those guilty of arbitrariness during the seven-year dictatorship but also at ensuring the "democratisation" of the state machinery. And this with two aims: to protect Greeks from further political abuse by the ultra-conservatives entrenched in the state machinery; and to meet the calls for more equitable administration.

In this field the controversy still rages. The government claims that the army is loyal to democracy and a coup is unthinkable; that the police are slowly accepting the legalisation of the Communists and Mr. Papandreu's right to challenge Mr. Karamanlis for power; and

that the mechanism of justice and the civil service are back on course.

But the Opposition sees things differently. They believe that the army is loyal only to the right and not to the principles of parliamentary rule and popular sovereignty. They argue that the police often seem to condone the growing bunch of right-wing militants who have beaten up journalists and attacked left-wing offices. And they point to the results of leaving the whole process of purging in the hands of an unpurged judiciary. Only a handful of the junta's notorious military torturers are still in prison, while almost all the civilian torturers whose activities led to the Colonels being forced out of the Council of Europe in 1969 escaped prison. Most are no longer serving in the security forces but there is the occasional press report of a known torturer being promoted.

Also the subject of debate is the State's interference in union activities, its frequent confrontations with the workers, the violent methods used by the police, and the delays in carrying through a number of basic reforms. These include granting legal equality to women, reforming the penal code and divorce laws, speeding up permissions for the return from the Eastern bloc of the Communist refugees from the civil wars and lifting the impediments to opposition access to the State media.

Such arguments lie behind the growing polarisation of Greek political life. But there are equally heated arguments about foreign policy. Mr. Karamanlis has charted Greece on a course of affirming its links with the West, in particular through accession to the EEC.



It has been a consistent policy which he has followed with determination and on which he has staked his reputation. He is also seeking a return to military co-operation with NATO from whose military wing Greece largely withdrew in 1974 in the wake of the Cyprus debacle.

But on both such policies he has been roundly attacked by even the less demonstratively anti-American climate in Greece today strike some chord among the many Greeks who blame the U.S. both for the economy, to his call "No to the EEC of the multinationals." His party, PASOK, has renewed its attacks on NATO as a "permanent threat to world peace" and "an aggressive imperialist mechanism" — attacks which

to the Turks over the Aegean on the grounds that it means bargaining away Greece's sovereign rights and frontiers, and followed a tough line on Cyprus.

Today Greek politics has become a bitter battle between these two. Last November's elections saw Mr. Karamanlis's share of the vote slip from 54.4 to 41.9 per cent and Mr. Papandreu nearly double his vote to 25.3 per cent. All the indications are that in a world of volatile party loyalties he has continued to gain ground. The centre collapsed to a mere 12 per cent of the vote and its subsequent intra-party battles mean that at present it is a negligible force. On the right the National Rally won 6.8 per cent of the vote and its youth has since been active. On the left the Communist Party of Greece (KKE), a pro-Moscow party, consolidated its position with 9.5 per cent of the vote. But the limited size of the "industrial proletariat" where it enjoys support and the fact that most of the agricultural population are smallholders, and the party's total exclusion from the state machinery—let alone, as to a lesser extent is true for Mr. Papandreu, from the state media—mean that talk of a Communist danger is far fetched.

Equally important for the future will be the timing of Mr. Karamanlis's next step. His advisers say he does not wish to leave the train until it reaches at least one of his chosen stations — obtaining Greece's accession to the EEC or resolving the problems with Turkey over the Aegean or the Cyprus dispute. And while these are proving hard stations to reach, the once-distant challenge presented by Mr. Papandreu slowly mounts.

in his favour, to the extent that Mr. Papandreu, who once seemed to be opening his policies towards the centre, now appears to be waiting for the centre to come to him.

But perhaps just as crucial is that he is 12 years younger than the Prime Minister, who is 71 and who has yet to establish an heir.

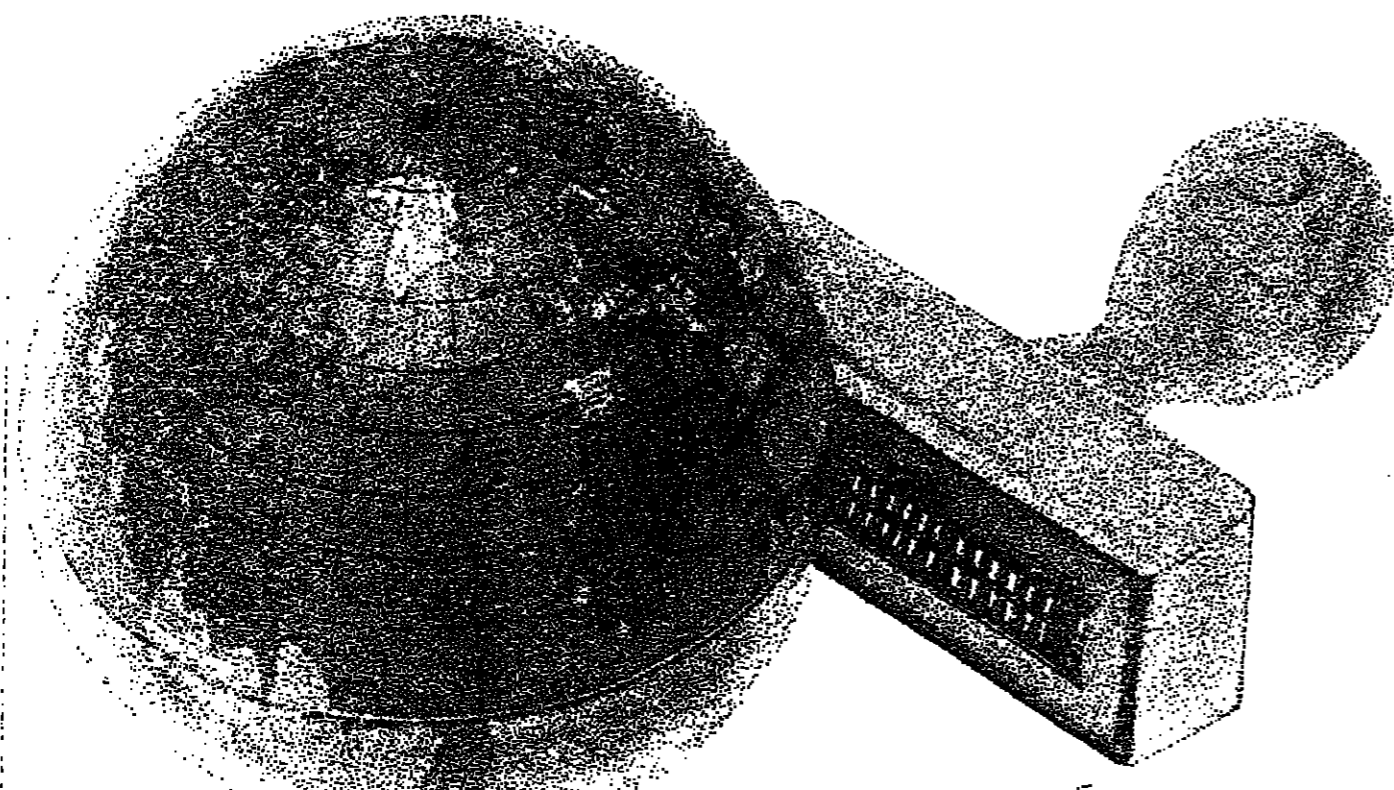
The New Democracy party is very much his personal creation and it is questionable whether it would survive his departure. Its leading personalities are now Mr. Evangelos Averof-Tossitis, Mr. George Rallis and, a forceful newcomer to the party, Mr. Constantine Mitsotakis.

Mr. Averof-Tossitis, who has been Minister of Defence since the fall of the junta, walks with his customary catlike skill on the right of the party. Mr. Rallis, a powerful figure who holds the reins of the party organisation, has considerable administrative ability but despite his impeccable conservative credentials there is some resentment within the party at some of the reforms he has introduced.

As for Mr. Mitsotakis, crucial for his future will be his success at reviving the flagging economy, but even if he succeeds in this many members of New Democracy will still question the reliability of this latecomer to their ranks and who in the mid-1960s was their opponent.

What happens to these will be influenced by the extent to which Mr. Karamanlis tries to impose his choice on his party, when he either chooses to take a deserved rest or seek election as President. His closest advisers say that he is keeping his options open. Potentially the Presidency is a powerful post, even though its present incumbent, Mr. Constantine Tsatsos, has followed Mr. Karamanlis's apparent wishes in pursuing a purely formal role and has not even made one state trip abroad.

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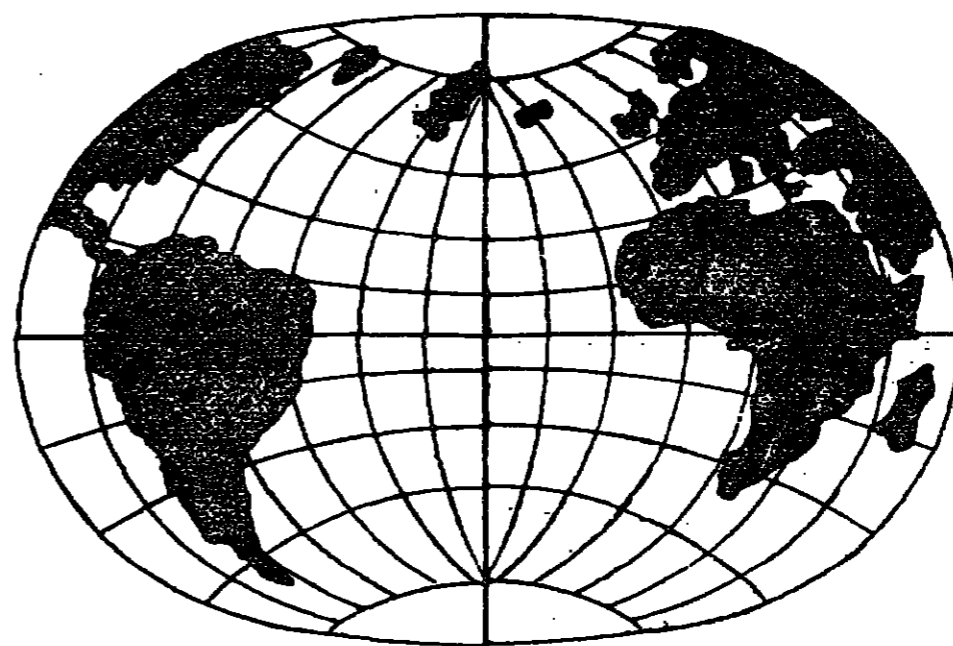
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GREECE III

Foreign affairs

GREECE HAS always had the problem of just how forceful and independent a foreign policy a small country can follow. Since the Second World War governments have sought to answer this question by linking Greece's fate with that of the West. But Greece's partial withdrawal from the military wing of NATO in August 1974 reflected the widespread resentment at an alliance which, in Cyprus, had failed to prevent two of its members from clashing. Now, as the Prime Minister, Mr. Constantine Karamanlis, seeks to repair Greece's ties with NATO and to institutionalise its economic and political links with Western Europe through membership of the EEC, the public debate on the future alignment of Greece is again becoming acute.

PASOK, the main opposition party, is calling on Greece to follow the examples of, say, Sweden, Austria or Malta. The Communist Party of Greece would like to see Greece look to the Eastern bloc.

Such debate takes place against the stormy background of Greece's disputes with Turkey. These are at present one of the determining factors in Greek public life—and yet the level of public information is not high. There is not one Greek journalist based in Ankara and most of the news reaches Greece through official channels. The picture the newspapers give is consistently one of a troubled, backward and impoverished

neighbour liable to seek external adventures to divert attention from its domestic problems.

While public feelings run high in government circles too there is grave concern for the future. To the West the Prime Minister, Mr. Bulent Ecevit, may be the Turkish politician most likely to be able to progress the Cyprus dispute towards a settlement, but the Greeks remember him for presiding over the Turkish occupation of 37 per cent of the island. There is disappointment that the Turkish side's proposals on Cyprus made in March were insufficient to allow President Spiros Kiprianou to favour a reconvening of the intercommunal talks. And there is a sceptical approach to the genuinely aggrieved protestations of the Turkish side that their proposals were only a beginning and are negotiable.

Arguably the Cyprus dispute is unlikely to flare up and, by itself, again bring the two NATO allies to the threshold of war. But it is a running sore which makes more difficult any attempt to tackle the dispute which now has more potential for conflict, the Aegean.

Here the two countries are at odds over air, sea and land—albeit only land under the sea. The continuing quarrel over delimitation of Flight Information Regions means that the Aegean remains closed to international air traffic. Where the sea is concerned, there is a potential problem over the

limits of territorial waters. At present Greece's territorial waters are set at six miles. The Turks are worried that Greece might extend the limit to twelve miles. This would, they say, effectively cut the sea links between ports such as Izmir and the rest of Turkey. For them this would be, they have told the Greeks, a cause for war.

Access

The Soviet Union, which is also concerned with access from the Black Sea through the Aegean, has itself stressed the need for the Aegean to remain open. Asked about Greek intentions, the Greek Minister of Defence, Mr. Evangelos Averof - Fossitis, stressed: "In whatever case arises the communications of any ships under whatever flag between the Dardanelles and whatever port south of them will be respected by Greece and will always be free. The Aegean has many Greek islands which have rights defined by international law but at the same time the Aegean is an international sea and under all circumstances this will be respected by Greece."

As for the seabed, the Greeks cite international conventions which stipulate that islands generate rights over their continental shelves. The Turks, basing their arguments on an equity, counter that the Anatolian land mass is more im-

portant in this respect than the islands off its coast.

The arguments on such subjects are highly complex and perhaps less important than the underlying fears of the two putative allies. Turkey is concerned that the Greeks may seek to use the islands as a wall to block in the Turks. It also argues that the dispositions made by NATO at the height of the cold war—Turkey being allocated the Black Sea and Greece being allocated much of the Aegean—need reconsidering.

For its part, Greece has the nightmare that, if its outlying islands should become surrounded by a zone of exclusive Turkish military and economic influence, they would wither and drop into Turkish hands.

The Government suggests that the problems of the air and seabed should be put in the hands of independent bodies have been rejected by Turkey. In March the Prime Ministers of the two countries finally met but the dialogue they sought to start has yet to become one of substance. The next step is a meeting in Ankara in July between the Secretaries General of the two countries. Foreign Ministers—perhaps too high a level to enter into the technical details and too low to find political solutions.

Greek proposals for a non-aggression pact has just been revived.

The U.S. has valuable bases on the Greek mainland and in particular on Crete—an island which potentially controls all sea exits south from the Aegean. But for NATO and the Warsaw Pact, Turkey is strategically the more important and the more unpredictable. One senior assistant to Mr. Karamanlis, when asked if Greece might consider following Turkey's example of gently flirting with the USSR, replied: "But Moscow looks on us as a second-rate country." And the suggestion that Greece might follow Mr. Papandreu's calls for a more non-aligned policy is countered with the question of "How many battalions does the Third World have?"

In fact, under Mr. Karamanlis, Greece has made some opening to the Arabs and has initiated greater inter-co-operation in the Balkans. In a belated response to détente it is also about to send its Foreign Minister, Mr. George Rallis, to Moscow—the first such visit by a Greek Foreign Minister since the Second World War.

But its emphasis has been on tackling its problems within the framework of the UN and in particular of the institutions of the West. The U.S. Administration's attempts to persuade Congress to repeal its arms embargo on Turkey have not helped the government's pro-west policy. But it has made a number of steps towards repairing its military links with NATO. It is seeking the establishment of a Greek command post in Larissa or Salonika directly linked to the NATO headquarters in Naples. This would parallel the arrangements between Turkey and the alliance which come into effect on July 1. The Greeks complain that Turkey is filibustering their attempts to complete such a

BASIC STATISTICS

Area (square miles)	50,944
Population	8.17m
GNP (1976)	Dr 779.2bn
Per capita	Dr 94,973
Trade (1976)	
Imports	Dr 221.8bn
Exports	Dr 189.5bn
Imports from UK	£149.2bn
Exports to UK	£64.6bn
Trade (1977)	
Imports from UK	£228.4m
Exports to UK	£95.6m
Currency: drachma, £1 = Dr 68.28	

process.

However, the opposition sees NATO as being at the root of many of Greece's problems, and in particular as being responsible for the junta and the Cyprus debacle. Mr. Papandreu is also arguing that the EEC is little more than the economic arm of NATO and is serving notice that he contests the idea of Greece becoming the tenth member of the Nine.

For its part the Government is pressing ahead with seeking membership. It hopes this will be by 1980, while the EEC Commissioner responsible for enlargement of the Community, Sig. Lorenzo Natali, talks of "the entry of Greece being realised by 1981."

Motives

The Government's motives are as much political as economic—the belief that membership will help preserve democracy in Greece—and, though this is unspoken, reduce the chances of conflict with Turkey. As such there is a tendency to underestimate the major economic consequences which entry will have, particularly for the small holders and small manufacturing units which form the basis of the Greek economy.

While negotiations now appear to be going smoothly, some pro-Marketters stress concern at the way that statements of political will by the Community for the accession of Greece are regularly accompanied by gestures in support of Turkey. It is of course a difficult balance which the Community has to strike but the anti-Marketters are on the look out for any indication that the price of Greece's accession to the EEC is that it makes compromises to Turkey.

Mr. Papandreu's party continues to oppose full or associate membership and to press for an agreement with the EEC which relates to groups of products, which would have strict investment terms and which would allow Athens control over the movement of commodities and capital. Should there be a referendum on this? The Government says no, with the Minister handling EEC affairs, Mr. Georgios Kontogeorgis, saying that in view of the debate on the EEC in the last elections "to some extent we feel we can treat these as a referendum." But the debate is not yet over, and it is a wary eye with which the EEC follows the heated world of Greek politics.

D.T.

Approaching the EEC

DESPITE hurdles to be overcome with regard to agriculture, the Greeks remain confident that by (or at least during 1980) the country will become the tenth member of the European Community.

The political will of the nine governments to see a southward expansion, through the accession of Greece, Spain and Portugal, is regarded as having been stated too unequivocally for there now to be any question of turning back on economic grounds. But whether the Greek target of completing the substantive negotiations—the hard bargaining—by the end of this year will finally prove feasible is something else.

The Greek timetable, vigorously promoted by Premier Constantine Karamanlis during visits this year to the capitals of all EEC countries except Ireland, would have the negotiations wrapped up by the end of this year. Thus, 1979 could be devoted to ratification of the accession treaty by the parliaments of the Nine and of Greece, with full membership dating from 1980.

While this has not been ruled out by the heads of government with whom the Greek Premier conferred or by the EEC Commission itself—and in Athens the Co-ordination Ministry is still describing the timetable as "entirely pragmatic"—there is a persistent area of doubt over the agricultural sector.

However, a vital step forward was taken last month when the EEC farm ministers managed to reach general agreement on the complex problem of a Mediterranean agricultural policy. According to a well-informed Athens source, this should make it possible for the EEC Council to give the Commission a mandate for the agricultural negotiations with Greece before Brussels "closes" for the summer holidays. Had this not been done, there would have been little hope of finishing the negotiations this year.

A two-volume "communication" on Mediterranean agriculture from the EEC Commission to the Council of Ministers, dated December 1977 and January 1978 basically concerns the Mezzogiorno region of Italy and Corsica and the Languedoc and Midi Pyrénées districts of France, but is inextricably bound up with the problem of eventual Greek, Spanish and Portuguese membership.

Nothing that the EEC per capita GNP is 21 times higher than that of the Mezzogiorno, while the agricultural labour force in Corsica-Languedoc-Midi Pyrénées is 50 per cent higher than the EEC average, the "communication" observes: "A southward enlargement of the Community is likely to aggravate the development problems of these regions."

A serious imbalance in Mediterranean agriculture, the Commission says, is illustrated by the excessive proportion of labour involved in this sector, low labour productivity, the inadequate size of holdings, low incomes and significant underemployment.

These strictures could certainly be applied equally to

Greece. In fact, the Commission itself has described Greek agriculture as presenting "a more serious structural problem than those prevailing in any member state." Farm holdings, it noted, which are generally small, are typically fragmented into unconnected plots: this in turn impedes the adoption of modern technology. Also, these difficulties are aggravated by the absence of appropriate marketing facilities and, in particular, an insufficiently developed network of co-operatives.

However, the Athens source noted, the point is that the complex package of measures proposed for the existing "Mediterranean regions" of the EEC are to be adopted first, so as to form the basis of the EEC position in the negotiations on expansion southwards.

The old Athens argument that this country's agricultural product will "complement" those of the EEC is rarely heard these days. Too many of them are clearly competitive, especially olive oil, fresh and processed fruits, vegetables and wines. Instead, it is now maintained—with some support from the Commission—that the quantities involved are relatively unimportant on an EEC scale.

But this certainly does not apply to Spain and Portugal. And although Greece appears to have won the battle to have its application dealt with separately and first, in the agricultural sector at least the EEC will inevitably be thinking also of Spain and Portugal while negotiating with Greece.

Bargaining

If hard bargaining does lie ahead, it will occur at a time when Greek agriculture is far from satisfactory. Output is stated by Bank of Greece Governor Xenophon Zolotas to have fallen by 4.9 per cent last year, following a reduction of 2 per cent in 1976. And while this is attributed mainly to bad weather, structural problems are said to have played an inhibiting role.

A National Bank of Greece report, after putting the main blame on the weather, refers also to "difficulties encountered in the effort to restructure agriculture"—basically a matter of switching to high-yield crops, promoting land consolidation, increasing the size of farm units and improving the processing and marketing of agricultural products.

The two reports, taken together, leave little doubt that progress in this direction so far is rather less than had been hoped for. While the agricultural negotiations have yet to begin, the ground covered in other sectors is viewed as satisfactory in Athens.

The Co-ordination Ministry says the negotiations are "on schedule" and no "disagreements" have arisen, as distinct from a number of "pending points" still to be resolved in these sectors, including Customs union, external relations and the free movement of capital.

Unofficial sources say these

points largely concern which EEC regulations should be applied by Greece immediately on accession and which should be put into force progressively during the transition period, which the Greeks insist should not be longer than five years.

Full and immediate application of the principle of free movement of capital, for example, would disrupt the Greek payments balance. Thus, the freeing of direct investments by residents of Greece in EEC member states will have to be done in stages during the transition period. The same will apply to the repatriation of the product of liquidation of direct investments in Greece by residents of other EEC member countries, and the freeing of blocked accounts.

Cited as an example of a "pending point" is the question whether the product of liquidation of an asset in Greece should be regarded as wholly or only partly exportable—a subject that acquires importance in view of soaring real estate values in Greece.

However, while it is not envisaged that all points of this nature can be settled by the end

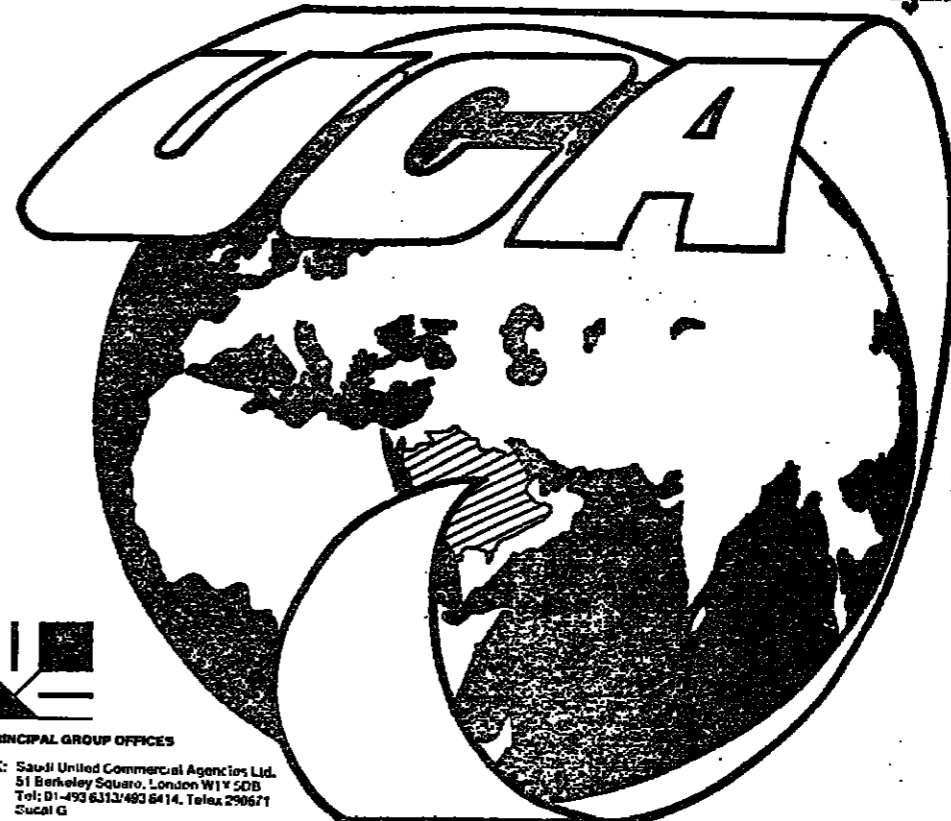
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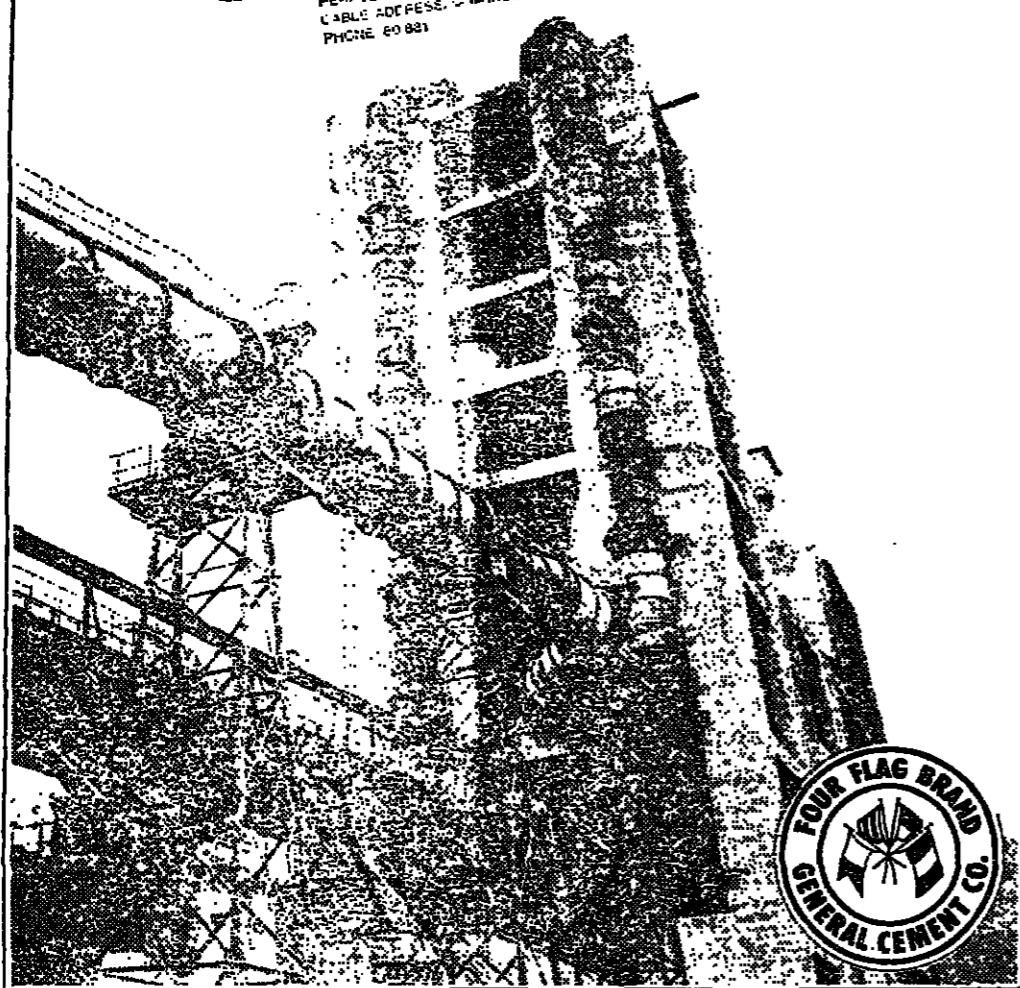
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THIS MONTH Greece embarks on a crucial experiment aiming to replace confrontation by consensus in the field of labour relations. Following EEC urging, the Council for Social and Economic Policy is to start work. Grouping employers, unions, agricultural and professional organisations and representatives of the State, its first meeting is to take up the problem of inflation.

The importance of the experiment comes from the poor present state of labour relations in Greece. During the 1967-74 dictatorship strikes were banned, but since then the workers have been increasingly flexing their muscles. In 1977, 9.5m man-hours were lost in 500 strikes over wage demands or because of accumulated mistrust. This year has seen one 24-hour general strike, numerous plant disputes and several long-term strikes by groups including railwaymen and university staff. Frequently the police are brought in, with clashes often occurring. But this year at least the Government has not had the recourse which it had last year to telling strikers they had been drafted because of "national emergency," and that if they continued striking they would be subject to military discipline: in law Greeks are still subject to the junta's general mobilisation for Cyprus of 1974.

Concern

The International Labour Organisation (ILO), has expressed concern at certain aspects of recent Greek labour legislation. Its latest mission to Greece is known to have been disturbed at working conditions, particularly in the small units which provide the bulk of employment in manufacturing, at the inadequacy of safety controls, and at the considerable degree of State influence over the finances of the labour movement.

Critical to this is the whole question of building an independent union movement in Greece. Long years of continuous Government intervention in Greek unions have left their mark. European unionists say that the Greek labour movement "is today fighting the same battles for free" and

autonomous unions which were fought decades ago."

Such issues take place against a background of apparently low unemployment. The officially registered unemployed total a mere 2 per cent of the non-agricultural labour force. But in this sector, as in many others, Greek statistics are poor. Last year the OECD estimated that only about one-third of unemployment was recorded. Official figures exclude many young people. Underemployment is a major problem. Left-wing unionists estimated that the unemployed and semi-employed total 10 per cent of the labour force.

The National Bank of Greece recently received 13,000 applications for 480 jobs. The level of unemployment appears to have been relatively steady in the past three years. In part this is because the available labour force has only been growing slowly. There has been a reduction in the rate of growth of population and an increase in the number of young people attending school and higher education. There has also been a steady increase in industrial employment: in the year to November, 1977, this rose by 4.2 per cent. These factors, and the reduction in the number of people migrating to the cities, have outweighed the effects of the reversal of the migration flow. In the 15 years to 1973 800,000 Greeks, or nearly one-quarter of the labour force, emigrated abroad. In the past three years there has been a small net inflow of workers.

Fears that further slow growth in Western Europe could lead more workers to return are largely discounted in Athens. Many of the men who returned were over 60, and the OECD reports that a large proportion of the women who came back did not seek work.

However, a survey in Athens last year found that four-fifths of the men questioned had obtained jobs but that the women were often hindered by the lack of facilities such as creches. The survey also found that a half of those who returned to Greece wished to re-emigrate. Their complaints included conditions of work and the lack of full social insurance in Greece.

Unemployment benefits, for instance, are limited, and gov-

ernment retraining programmes are criticised by both personnel managers and employees for being limited in scale and efficiency.

Each year the Government concludes a general agreement with the GSEE (The Greek Trade Union) on the increase in the minimum daily wage. This in effect establishes a general guideline which is particularly important given the large number of workers employed in small manufacturing units and not covered by unions.

It is through wage policy that the Government has mainly tried to tackle the inflation plaguing the Greek economy. However, the annual negotiations have led to serious confrontation between the Government and the GSEE. The leadership of this was originally appointed by the Government and, though since elected, is under continuing pressure from the base.

Earnings

In such circumstances the introduction of any British-style "social contract" into Greece is virtually inconceivable, as is a party commission similar to the successful Austrian practice. Instead, after the annual confrontation, which this year saw a one-day general strike in March, individual unions negotiate their own increases.

The Governor of the Bank of Greece, Professor Xenophon Zolotas, says that in the period January to September 1977, monthly earnings in manufacturing plants employing more than ten people rose by 13.9 per cent and monthly earnings in retail trade rose by 20.7 per cent. A confidential report by advisers to the Bank of Greece shows that wages and salaries rose 25.3 per cent in 1976, and 20.6 per cent last year; it forecasts they will rise 21 per cent this year.

The banning of strikes during the junta period was accompanied by a pronounced shift in incomes away from labour and capital to mixed incomes. The OECD writes that, even though the weight of salaries employment outside agriculture has increased (from 28 to nearly 40 per cent between 1961 and 1971), its share in income has risen very little. It adds that profit levels seem to have been very high in the years until 1973 and the subsequent increases in wages have to some extent "reflected" a belated catch-up on the earlier distortion.

Industrialists, however, have been increasingly disturbed by the post-junta emergence of labour pressures. Apart from being concerned with wages, these pressures have also been directed against the length of the working week and working conditions.

While the EEC is seeking to have the 40-hour week established as the norm, in Greece it was only in 1975 that the first steps were taken to reduce the working week for industrial employees from 48 to 45 hours; for civil servants the week has long averaged 37.5 hours.

An unpublished report by KEPE, the State Centre for Planning and Economic Research, estimates that between 1970 and 1976 the hours worked in industrial units employing more than ten workers fell from 44.6 per cent to 42.6. These figures include overtime, but while showing the downward trend seem to underestimate the actual burden on workers. In practice, overtime is often compulsory and the working week is relatively long. The six-day week is still the norm. Only a few strong unions, such as that of the bank employees, have had this reduced to five days.

As an example of the attitudes towards reducing the working week prevailing in official circles, the KEPE report is instructive. It suggests that the state, the Church and other groups must work to prevent the emergence of "psychological and social problems and help workers, in particular those on low income, to make good use of their two days off for spiritual development, sport, education, etc."

Where working conditions are concerned, the ILO is known to be disturbed, particularly at the absence of any effective inspection mechanism. Each year between 90 and 120 people died in factory accidents and some 45,000 people covered by social insurance are wounded. The ILO fears that as factories spread in areas with no industrial tradition the accident-toll could rise. It is particularly concerned at the conditions in the small units which make up the backbone of Greek industry.

Mr. Nikolaos Papageorgiou, head of the GSEE, complains that until now safety regulations have not been enforced. The Ministry of Labour last year doubled the number of its factory inspectors, but the ILO team recently in Greece was struck by the way that not one factory it saw employed a doctor.

It also believes that the Ministry does not yet have technical safety personnel with the right qualifications, although there are hopes that a new bill being prepared will help to improve this situation.

Persistence

The persistence of such problems reflects the way that the Greek trades union movement has long been the weakest in parliamentary Europe. For long years its leadership has depended more on the goodwill of the Government and the labour section of the security police than on workers' support. When the Colonels came to power in 1967 they closed down over 100 unions and arrested their leaders, the head of the GSEE sent them a telegram of congratulations.

Today the leadership appointed after the collapse of the junta remains in power, its appointment confirmed by elections. But the honesty of these elections has been challenged by both moderate and left-wing unionists, who have filed frequent complaints to the ILO. Their complaints cover a

range of practices which "it has taken decades of practice for them to perfect," or so claim even moderate unionists.

But the result has been that the European Trades Union Confederation, initially considered refusing to accept the GSEE as a full member "until this has established itself on more fully democratic lines and has established more independence from the State," according to one ETUC official. Finally the ETUC, like other West European bodies, decided to accept the GSEE and to try to assist in the rebuilding of the Greek trades union movement.

Mr. Papageorgiou describes his problem as being to stop Government interference from one side and party interference from the other. The opposition parties support the different labour groupings into which workers are divided. The largest of these is ESKA, which has the backing of the Communist Party of Greece.

Problem

One major problem for trades unionists is the huge number of separate and often competing unions. Mr. Papageorgiou argues that the 3,500 separate unions can only consolidate if members of those not officially recognised join those which are. But ESKA, for instance, dismisses many of the recognised unions as unrepresentative "rubber stamp unions" which are far smaller than the non-official unions. Militating against change is the way that financing of the Greek labour movement passes through the hands of the Ministry of Labour, and only unions recognised by the GSEE receive funds.

The ILO and the International Confederation of Free Trades Unions has long pressed for changes in this system. Last year the Government passed a law confirming the present system, although it claimed it gave priority to encouraging unions and employers to make other arrangements such as the check-off system.

An earlier law governing unions led to some 400,000 workers coming out in protest. The Government said the law protected trade unionists. However, an estimated 350 workers were soon dismissed for apparent trades union activities, and the courts are not known for their sympathy for labour activists. In 1976 one court ruled that an employer was justified in dismissing 20 workers who had set up a plant union as they had failed to notify the employer of their plans.

Such policies have long been criticised by Western labour experts as polarising the labour scene, but this summer these critics have found some unexpected allies. Even the personnel directors of major Greek companies are now arguing that it is the Government's own interventions which have impeded the growth of moderate trade unionism and have helped the militants.

D.T.

Stimulus to industry

GREEK INDUSTRIALISTS believe that, in the long run, the country's accession to the Common Market will be mutually beneficial to both Greece and the Community. This view was expressed by leading representatives of the Federation of Greek Industries at a recent meeting of the mixed Greece-EEC Parliamentary Committee in Salonica.

The Federation, in particular, has sought to allay Community fears that the development of certain industrial sectors in Greece will create competitive conditions for similar sectors already facing problems in the Common Market. For instance, the Greek textile industry exports mainly cotton piece goods, made entirely of Greek cotton. As such, it can only be competitive, rather than competitive, to corresponding Community industries. The Greek shoe industry, too, represents a small percentage of EEC output; besides, it seeks to cover the ground among traditional labour-intensive sectors reportedly being gradually abandoned by developed economies of Western Europe in favour of high-technology sectors. Similarly, the Greek iron and steel industry is relatively very small and caters to the local market, presenting no serious competition to the EEC giant. Finally, the Greek shipbuilding industry is engaged mainly with ship-repairs at present and relies on the country's important merchant marine. As such, it cannot add to the problems already faced by West European shipbuilders; on the contrary, Greek accession, by bringing the EEC fold, might even be of benefit to the European shipbuilding industry in general.

The new president of the Federation of Greek Industries, Mr. Dimitris Kyriazis, said in a speech recently that the country's rapid-rate development can only be attained by private initiative, amidst local and foreign competition and free market mechanisms. No centralised, bureaucratic state mechanism, he said, is in a position to make the economy function more profitably than private enterprise. Mr. Kyriazis listed these problems facing the economy in general and industry in particular:

Friendlier

Meanwhile, the new Minister of Co-ordination, Mr. Constantine Mitsotakis, is establishing friendlier relations with industrialists. One of his predecessors had at one time been accused by industrialists of "socialism." The new Minister has expressed himself in favour of private enterprise and made it clear that the state does not plan to extend its control over the economy. In fact, he suggested that this control might even be relaxed in future in certain fields, such as by handing over to private ownership certain industries now controlled by public agencies.

The Bank of Greece annual report revealed recently that after two years of relatively rapid recovery, industrial production (as well as new investments) slowed down appreciably in 1977. Manufacturing output, in particular, grew by only 1.5 per cent, compared with 10.6 per cent in 1976. A decline in output was mainly noted in industries which had achieved a remarkable export performance in previous years, like basic metallurgy and textiles. The weakening in foreign demand is believed to have played a leading role in slowing down output growth.

The slackening of investment activity, which coincided with the expiration of previously existing legislation governing incentives, led to a wide-scale revision of the entire incentives system earlier this year.

CONTINUED ON NEXT PAGE

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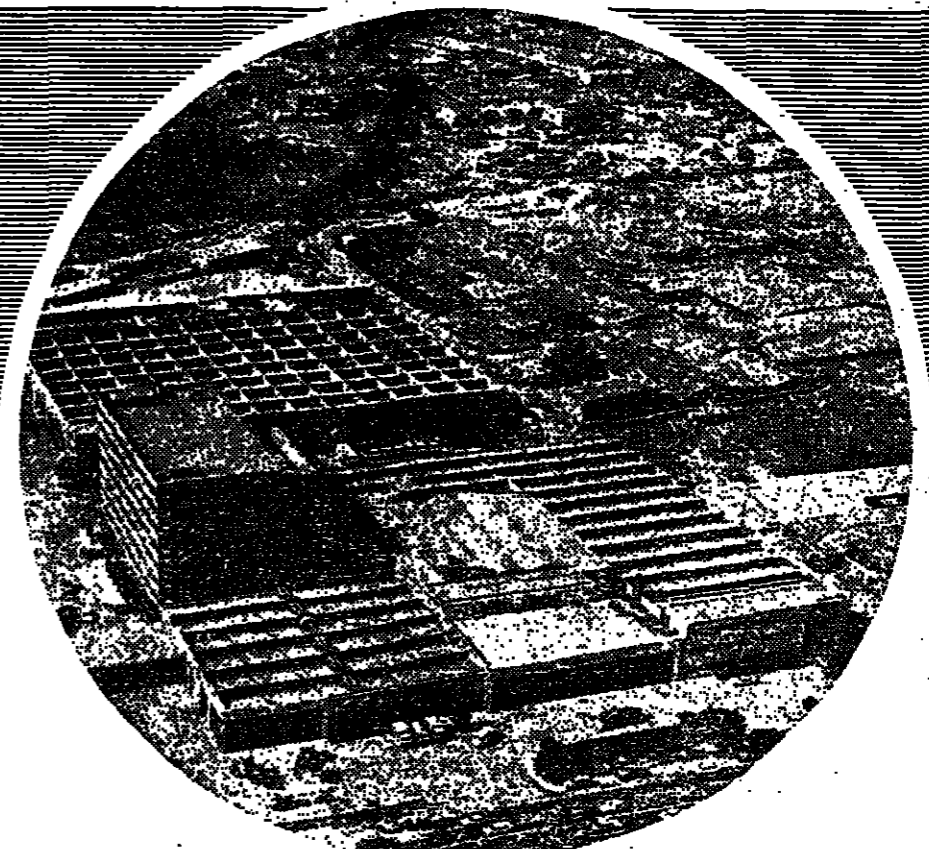
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Wednesday June 7 1978

Bonn's price for a package

THERE ARE at least two important elements in the remarks on German economic policy made yesterday by Chancellor Helmut Schmidt. The first was his hint that, while the Bonn Government had no immediate plans for additional stimulus for growth, some measures might be taken later this summer. The second was the message, clearly legible between the lines, that additional reflationary measures would only be taken by Germany as part of an international package to which other countries would have to make their contribution, and that this package should be tied up at the international economic summit in Bonn next month.

Inflation

Mr. Dennis Healey, the British Chancellor of the Exchequer has long and repeatedly pressed on the German Government its obligation to help the world out of recession by adopting a faster growth rate. Germany, the argument runs, has low inflation and a strong balance of payments, and can afford a more expansionary approach than countries which, like the UK, are still trying to bring their inflation rates down.

But it would be a mistake to suppose that Mr. Schmidt's remarks yesterday are a tribute to the persuasive power of Mr. Healey's homilies. The Germans have the best possible reasons for knowing that their probable growth rate this year will be disappointingly low. The official target set for 1978 was only 3.5 per cent, but the latest estimate by the Bundesbank puts the probable out-turn at around 3 per cent, while other forecasts suggest it may be as low as 2.5 per cent. The Government has ample political incentives for examining the feasibility of faster economic growth, provided it is compatible with other economic priorities.

Recently, the Organisation for Economic Co-operation and Development in Paris proposed a concerted reflationary programme by a number of major industrialised countries, though with the stronger countries giving their economies a bigger boost than the weaker. Most of the governments were broadly in favour of the idea, but the OECD proposal collapsed

because some of the stronger countries, like Germany and Japan, objected to having precise targets imposed on them in the OECD context.

With hindsight, however, it may seem that the German government's objection was based less on the precise figures proposed by the OECD, than on the belief that this was the wrong sort of package, and that the right sort of package could only be put together at the Bonn summit meeting in July.

The right sort of package, according to this interpretation, is one which includes structural measures to improve and stabilise the international monetary system. As an inducement, the German government may well offer further domestic economic stimulus, and the report that the Bonn cabinet is postponing its final decisions on the 1979 budget until after the summit is a signal whose significance will not be lost on Mr. Healey or Mr. Carter. But the quid pro quo will be a firm undertaking from Washington that steps will be taken to curb oil imports and thus reduce the trade deficit, plus a parallel agreement within the European Community on measures to limit the fluctuations between the European currencies.

Commitment

Whether such a package can really be put together next month must still be open to question. Mr. Carter, for one, may not share the German belief that he can (or should) act to curb oil imports on his own authority, by-passing Congress, and he may be unwilling to give the kind of commitment being sought by the German Government. Chancellor Schmidt's proposals for an enlarged European currency snake are undergoing careful examination by Germany's Community partners, but it is not clear that they will be in a practicable form by next month, let alone that Mr. Callaghan will wish to expose himself to attacks by the Labour Party's Left Wing so soon before an election. For all that, it is clear that the German Government—quite rightly—will not reflate the German economy just because Mr. Healey says it should.

The recovery in danger

AGAINST ANY normal financial background, the banking figures announced yesterday may be roughly in line with policy, it is clear that DCE is far higher than is consistent advances, mainly to the service (including equipment leasing) and personal sectors. This reflects the recovery in demand which is beginning to put a little dynamism into the economy. There has been a relatively slow growth in lending to manufacturers, but this is perfectly normal in the early stages of a recovery: the rise in turnover has probably reduced stocks and improved cash flow (notably so for the motor industry), which has been able to repay £112m of bank advances in the last three months. The rise in the money supply cannot be estimated reliably from the clearing bank figures, but appears to be at or perhaps a little above the top end of the official target range—too high for comfort, but not alarming.

However, the financial facts behind this portrait of a reviving economy are not so pretty. There is a skeleton in the cupboard. The growth of the money supply has not been kept in check, as it should be, by firm official action to hold the Government deficit within the limits that can be funded without endangering this natural recovery of the private sector. On the contrary, the borrowing requirement is inappropriately large, and its funding has scarcely begun.

Cannot go on
As a result of this financial impasse, sterling has been weak, and the Government has been financing its own operations, quite accidentally, by selling foreign currency from the reserves instead of borrowing institutional savings in the UK. This clearly cannot go on indefinitely: the borrowing requirement would virtually exhaust the reserves.

This sketch of the flow of funds in the last month shows rather more clearly what is going wrong than a discussion of official targets; but of course the failure to fund will be reflected in due course in the week.

Some realism

Since bank lending has accelerated, the easy way out might appear to be to place restrictions on the banks, and there has indeed been much talk of a possible "credit squeeze." There may be something to be said for imposing some limit on the growth rate of lending and liabilities under the supplementary special deposit scheme, which would guard against any explosive rise in lending to finance a run on sterling—a development of which there is so far no sign, fortunately. However, any such limit should be generous, to accommodate the recovery which has now set in, and the main measures must tackle the problem at its source—the size of the borrowing requirement, and its funding.

The Prime Minister has shown some realism in resisting back-bench pressure to forbid a rise in building society interest rates, and has reaffirmed the Government's credit policy. What is now needed is some positive action: a rise in excise duties which will at least recoup the revenue losses caused by Opposition amendments to the Budget; and a financial initiative to get funding moving again. The waiting period has already lasted too long. Hope deferred makes markets sick, and the necessary medicine gets nastier with every passing week for proxy support. Sir

DIVIDEND CONTROLS

Mr Healey maintains the suspense

BY BARRY RILEY

CURRENT LEGISLATION to control dividends expires on July 31. Unless there is Government action in the meantime, companies will be able to declare dividends freely for the first time in nearly six years. The Whitehall machine is already adjusting to the change. The Treasury has been telling inquirers that according to current legislation permission is not required for proposed dividends to be paid after the end of next month. The muzzling of the Treasury section which administers dividend controls has been reduced from three to two.

Yet the Government refuses to give a clear-cut decision on whether an attempt will be made to extend the controls for a further period.

In February, Mr. Denis Healey, the Chancellor of the Exchequer, stated: "It is too early yet to consider whether any legislation on dividends might be needed as part of counter-inflation policy when the present round comes to an end." This remains the official view.

Only yesterday a Labour MP tabled a Parliamentary question about when the Chancellor would make a statement on the future of dividend control policy. Mr. Joel Barnett, Chief Secretary to the Treasury, merely replied in a written answer: "My Rt. Hon. friend shall make a statement at the appropriate time."

The City and industry takes this casual, low key approach to dividends as something of an affront. To the Government, however, dividends are nothing special: they are simply a form of income, and so long as wider aspects of incomes policy for the year ahead remain undecided, the position of dividends cannot be determined either. There are, however, also some practical considerations. Although a one-clause Bill extending dividend controls could be put through Parliament given support, within a matter of days, in practice it would be a controversial measure. It looks increasingly unlikely that such legislation could now be passed, with the Liberals about to abandon their pact with the Government.

"Voluntary" controls

The Government could fall back upon non-statutory guidelines of the kind which have already been applied to wages. "Voluntary" controls could perhaps be backed up by some kind of blacklist for non-compliers, on the lines of recent pay policy. But it would be difficult to make such a policy stick. Voluntary pay guidelines have worked, up to a point, because once the unions have accepted them it has also been in the interests of the employers to follow suit.

But with dividends it is much

more likely that companies will find political reasons for not complying. There are also two very large companies, Shell Transport and Unilever, which have legal obligations to pay out certain levels of dividends in line with international agreements. It is hard to see how their directors could comply with voluntary, as opposed to statutory, restraint.

Moreover the Boards of large, successful and cash rich companies like GEC and Hawker Siddeley will be under strong pressure to improve the currently tiny yields on their shares, which are symptomatic of the anomalies which have built up ever since a "temporary" dividend freeze was first imposed by the Heath Government in November 1972.

5 per cent ceiling

That standstill lasted only a few months, but the Conservative Government then placed a ceiling of 5 per cent on dividend increases. Wages were also controlled, but first the ill-fated threshold agreements, and then the incoming Labour administration's Social Contract, led to soaring earnings amidst accelerating inflation.

In July 1974 Mr. Healey raised the ceiling on increases of dividends to 12½ per cent. But even at the time wages were growing by some 20 per cent a year, and inflation was at 16 per cent. Over the next two years dividends took a severe battering in real terms. It was aggravated by the decision to trim dividend increases back to a maximum of 10 per cent in July 1975. That limit has applied ever since.

It is instructive to note that during 1974 and 1975 average earnings of employees rose by some 59 per cent, and prices by 47 per cent, and dividends per share—on the basis of the recorded yield on the FT-Actuaries All-Share index—by only 21 per cent.

During the past couple of years the balance has been redressed just a little. Taking 1976 and 1977 together, earnings rose slightly less than the 28 per cent rise in prices, dividends by a little more at 31 per cent or so.

Since the end of 1976 dividends appear to have been rising by appreciably more than the statutory maximum rate, reaching a year-on-year gain of over 16 per cent in January 1978. But this has to a large extent reflected the willingness of shareholders to plough back money in the form of rights issues.

The need to raise new capital has been an accepted reason for special dividend concessions ever since the controls were imposed in roughly their present form in 1973. During 1976 and 1977 this ruling accounted for

about half of all cases in which special Treasury consent was given to above-normal increases. Most of the other instances were in recovery situations.

In recent months dividends have lost some of their buoyancy, however, perhaps partly as a result of the fading of the rights issue boom. Year-on-year growth is now down to under 14 per cent, and it seems likely that over the 12 months to July employee earnings and company dividends will have grown at roughly an equal rate. Since the latter part of last year dividends have actually been rising faster than retail prices. This has, however, been very much an exception to the rule of the past few years.

To demonstrate the erosion of real income suffered by shareholders it is best to trace the history of dividends back to early 1973. At that time, dividends had been decontrolled for several years, and should therefore have been at a normal level in relation to profits. (Significantly, in the decade before dividends had risen overall very much in line with prices.)

But between early 1973 and early 1978 dividends per share rose by 85 per cent during a period in which inflation was around 130 per cent. That implies a fall of dividends in real terms by some 20 per cent. For comparison, employee earnings during those six years climbed by almost 150 per cent, representing a significant real gain.

It would be wrong to attribute this overall erosion of real dividends wholly to controls. Over the same period the share of profits in the national income has fallen, particularly after providing for stock appreciation and replacement cost depreciation. It is clear that dividends would have come under pressure in any case.

So dividends have not been, and could never have been, a source of inflationary pressure. It should be remembered that adding back advance corporation tax, account for under 3 per cent of personal incomes in the UK. In this context, the primary effect of dividend controls has been to shift the balance in the system.

While some companies have been unable to pay out as much as they would have liked, others have felt obliged to distribute the maximum increase even though—like almost all clearing banks and insurance companies—they have then had to go back to shareholders (sometimes twice) for new capital in order to maintain the real level of their equity bases.

Treasury officials have admitted, in evidence submitted to the Wilson Committee, that dividend restrictions have tended to make the equity market less attractive, particularly to private investors, and that this has increased the cost of raising new capital.

But political expediency has tended to win the day. It always seems to be plausible that when earned incomes are restricted, so should dividend incomes. Dividend controls have tended to be taken on as a final addition to a whole package of anti-inflationary measures.

And there are no really powerful interest groups, on the lines of the trade unions, to fight for the rights of shareholders. Some organisations, such as the Stock Exchange, have been making statements recently. But the low profile approach of the investment institutions appears to count for little in such a political argument, and it is hard to avoid the impression that many company managements are ambivalent in their attitude. In many cases, companies are worried that they will not be able to keep up in the dividend race if the strong runners are no longer to be nobbled.

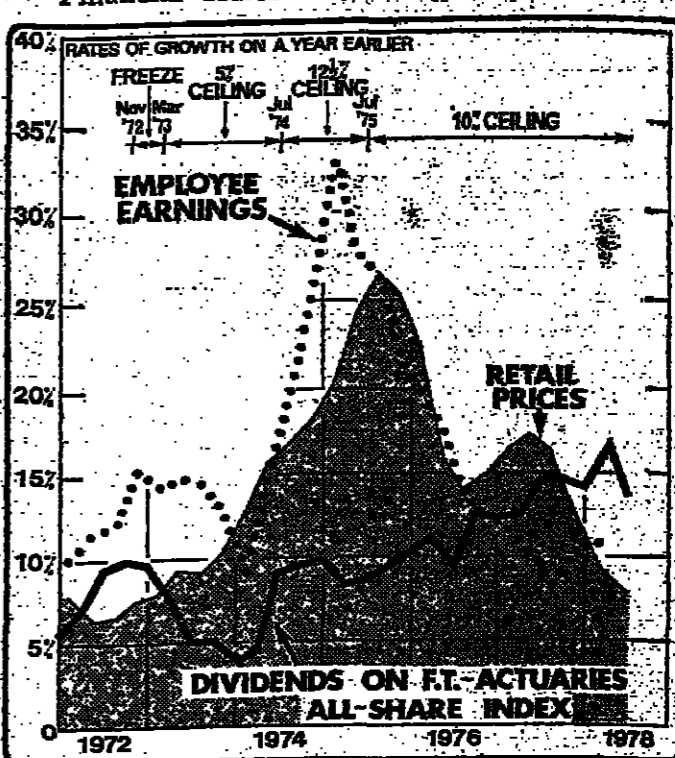
At present, the concern of the Government—to the limited extent to which it is interested at all in dividends—is that embarrassing dividend increases, with attendant publicity, could interfere with the process of negotiating a further round of voluntary pay restraints. Such a policy, with a low stated norm for wage rises, would be a major feature of its manifesto for the coming election.

The fear is that a rash of major dividend announcements in August or September could have a seriously adverse impact on the climate of pay talks. The inclination is to put a certain amount of pressure on companies not to rock the boat: if necessary dividend adjustments could be phased in quietly over a decent interval, it is argued, there need be no awkward repercussions on the labour front. In weighing up the annex and timing of dividend increases, company boards, however, are going to have quite different priorities should dividend freedom become a reality on August 1.

A new base

There is going to be a strong case for taking the opportunity to jump through the dividend "window" before it is slammed shut again. With inflation likely to be rising again next year, and a new Government of unpredictable complexion likely to be installed in power this autumn, dividend freedom will not necessarily last for long. It will be important for companies to establish a new base ahead of any further period of controls, remembering that dividends have only been free of restraint for three of the last 12 years.

The number of companies in such a position should not be exaggerated. During the past three years over 750 companies



(with a few duplications) have received permission to pay over the statutory limit. Most companies must already be close to their preferred payout levels. What is true, however, is that there is a small number of very large companies which have forecast very substantial dividend increases, or can be confidently expected to do so.

For instance, Shell Transport would have paid out 46.5p gross per share for 1977 had it not been restricted to a statutory maximum of 23.8p, while it has a backlog of some 56p a share which it proposes to pay out at an early opportunity. Similarly, the other Anglo-Dutch multinational, Unilever, should have paid around three-fifths more last year under its equalisation agreement than it was allowed to, and the accumulated backlog here is now 39p a share gross.

Then there is BP, which had an application to raise its dividend by 50 per cent turned down by the Treasury a year ago. The company still intends to increase the dividend to 46.2p a share gross—compared with the 33.5p it was permitted to pay—and the new issue prospectus last June promised that the unpaid difference "would be distributed as a special dividend when the removal of dividend restrictions permits."

These three companies alone represent about 14 per cent of the All-Share Index in terms of market capitalisation. If they implement average dividend rises of, say, 80 per cent, then by themselves they will push up the All-Share income by 8½ per cent. On the assumption that a significant minority of other companies will also declare big increases, while most companies move their dividends up more or less in line with inflation, it is possible to predict an increase of over 20 per cent during the first year of freedom. Some put the figure at more like 30 per cent.

This aggregate figure would, however, be higher than the median increase for the more typical company. Profits across a wide belt of British industry have recently been sluggish, stock markets have often been falling, and have scarcely provided the right background for dividend buoyancy. Unless profitability improves sharply, the dividend will only represent a one-year expansion adjustment with the growth rate sinking back subsequently to a much lower level, up.

The reverse yield gap

But there are indications that a rise in dividends has already been discounted to some extent for the so-called reverse yield gap has widened by two percentage points since the turn of the year. This gap—between the yield on 2½ per cent Consols and on equities—in theory reflects the market's view on likely dividend growth. Yet the widening may reflect purely market influences, like the dearth of rights issues and the piling up of liquidity at the institutions, and other factors such as higher inflationary expectations, as well as anticipation of dividend freedom.

If controls are indeed phased out at the end of next month, the immediate attention is likely to be focused on the scale of any dividend increases. Yet the potential for re-establishing a proper risk market in equities will be much more important. For years, investors have had no assurance that investment in a successful company would lead to an above-average income return. In trying to treat dividends on a par with Civil Service salaries the politicians have managed to convert ordinary shares into a kind of restricted growth preference capital.

Very soon, successful companies could be in a position to strengthen their position on the stock market. But the reverse applies to their more languid counterparts. For existing high yielding shares could lose some buoyancy. Unless profitability improves sharply, the dividend will no longer be able to sugar pill of rights issues which are expensive to shareholders upward adjustment with the growth rate sinking back subsequently to a much lower level, up.

MEN AND MATTERS

Burmah row back on the boil

Why did Burmah collapse in 1974? The question has still to be fully answered, but the Burmah Shareholders Action Group is on the warpath again. The group hopes to start the public unravelling of the oil company's crisis at Friday's AGM in Glasgow.

BSAG has already had one major success in the three years since it has been formed. Its persistent campaign in 1975 and 1976 led the company to initiate a £800m claim against the Bank of England. This is for the recovery of the BP stock held by Burmah before the firm's collapse.

The claim was only made after BSAG has persuaded the Burmah Board to release documents about the sale of the BP stock. Now it is pressing for some equally crucial documents—those relating to the agreements in 1974 and 1975 between the Burmah group and the Signal Companies Inc and the Orion and Chase Manhattan banks.

BSAG and its hon. treasurer, Jonathan Stone, question whether some of these agreements contributed to the collapse. Stone claims it is improbable that their implications were unknown to the Government.

"We basically represent the small shareholders," Stone told me. He has had some problems in obtaining the support of a few of the major institutional investors in Burmah: "They think we are trying to make a vote of no-confidence, but this is not the case." BSAG in fact say they have "much admiration" for the Board's handling of Burmah's recovery programme.

But they have less admiration for the Independent Broadcasting Authority, which has rejected a radio appeal they wished to make in Scotland last week for proxy support. Sir

Brian Young, director general of the IBA, wrote to Stone saying that the advertisement "seems clearly designed to influence opinion in relation to an industrial controversy." The IBA's code forbids partiality in such controversies, though BSAG angrily say that their lawyers deny the advertisement should be so categorised.

Howe's that?

Amid the higher dramas in the world of sport, a spirited event that took place last weekend went totally unnoticed. This was the annual women's cricket match between Oxford and Cambridge. It was played at Fenner's and finally ended in a ladylike draw. It must be reported, however, that some plaintive cries have been emanating from the pavilion—because an Oxford girl who wins a place in her university eleven only gets a half-blue, whereas her male counterpart is given a full blue.

One of this year's Cambridge team was Amanda Howe of Gilton. Her father, Sir Geoffrey, is the Tories' shadow Chancellor, which in this context is neither here nor there. What happens to be very much here and now is that Lady Howe is deputy chairman of the Equal Opportunities Commission; she thinks the moment is nigh when such discrimination against the girls should be hit for six. "It may take the universities some time to adjust," she told me. "But now that the sexes are becoming numerically more equal at Oxford and Cambridge, this is the right time to air the subject."

I dared to suggest to Lady Howe that although the girls no longer go in for under-arm stuff, perhaps they are given half blues for only bowling half as fast as the men. She did not call me a male chauvinist, but merely replied that in the old days the "catchment area" for girl cricketers had been

smaller. The quality of play is now improving.

Although a male undergraduate can be sure of a full blue for representing his university in any major sport (and a half-blue for basketball and the like), the feminine scene is far more murky. My inquiries have led to appeals that I should not "upset people"—meaning men—in what certain women dons at the older universities see as a distinctly touchy area. It seems that girls can occasionally be awarded full blues for rowing, if they put enough beef behind the blades.

Even during my talk with Lady Howe I had sensed the seriousness of the underlying issues. My courage failed before I dared ask whether the Cambridge pace men (pace women? pace persons?) had bowled any maidens, or if the girl who was at this man was called the third woman. I consider the best prospect for us mere chaps is to await the day when all teams become mixed. It will at least improve the look of the outfield.

Family tradition

It was not the first time I have been told "I am doing what my father wanted," but it was the first time I had heard it from a man of 56. However, yesterday Sir Claus Moser explained that in leaving Whitehall to join a City bank he was in fact carrying on a family tradition—though one interrupted by the Nazis.

In the 1930s the Moser family bank, Fromberg, was absorbed by the Deutsche Bank and the Moser family was forced to leave Germany; they moved to England in 1938. Now, Sir Claus is to become Vice-Chairman of N. M. Rothschild and Sons.

He was a professor at the London School of Economics and served for 11 years as head of the Central Statistical Office,

His period there was distinguished by a major expansion of the office and of the information it published—sometimes to the embarrassment of the government of the day.

Moser tells me that he expects particularly to deal with corporate finance for industry. He is also the joint Board of Economist Newspapers and next year will become chairman of the Economist Intelligence Unit. He is, of course, only the latest of the mandarins who have moved down the river to the City—following Sir Eric Roll and Sir Ronald Macintosh at Warburg, Lord Armstrong at the Midland and Sir Derek Mitchell at Guinness Mahon. Illustrious recruits, and Whitehall's loss. Perhaps, Sir Claus will devise a statistical method of computing the City's gains.

Hard cheese

Tory Action has some vital news for us—"Thatcher Leadership query: Enoch Improves" and Sir Keith Joseph is the tops. The group, with links in 150 constituencies, tells me it has expanded since "we threw Maggie's hat in the ring" in the 1974 Conservative leadership battle. It has polled its supporters, all of whom speak favourably of Sir Keith; they back him for three separate Shadow Cabinet appointments. But where is Edward Heath's name, I asked, and that is Jim Prior? "Oh, Heath is right out and only one person thought Prior was any good."

Tory Action describes itself as "probably on the right wing" and says its poll is a "stab in the cheese of constituency feeling." Hard cheese, I suggested to the Conservative Central Office, only to be countered with: "No, sour grapes. They are people not in very good standing with the party. Out on a limb, you could say."

Observer



"Then he said, 'Would they accept twelve and a half thousand?'"

THIS WEEK'S SPECIAL:

HOT PROPERTY

An issue designed to apply to the most discerning taste in mazines, including fly's/c prestige section on the prty boom, individually planned with the extve in mind, an exclusive spicuous humorous divpmnt including many unique features & offmg a wealth of orig. cartoons, all 1st in the mkt.

EARLY INSPECTION INVITED!

Punch

AT 25p, IT'S THE BEST INVESTMENT YOU'LL EVER MAKE.

We've still never had it so good

BRITISH SOCIETY is stable was misplaced. It is true that about a third of the tenants of council houses are in unfurnished, privately-let accommodation without such amenities. Many of them will be in the process of moving to a new home.

These two propositions are not quite the stuff of the analyses to which we have become accustomed, which have more to do with doom and decay than stability and comfort. Yet the evidence is there, published today in the 337 pages of the latest report from the General Household Survey. It is based on a continuous Government inquiry in which some 15,000 people are asked each year rather more than they would be in a formal census. The answers boil down to—well, stability, with just a possible hint of fragmentation in the future.

The 286 tables in the report, themselves merely a few selected print-outs from a computer bank of information stored by the Central Statistical Office, tell us that we've still never had it so good. Much of the information is familiar, but the story as a whole is significantly at variance with what many politicians will be saying in this pre-election year.

The first, and most remarkable part of this story is the steady growth in overall well-being from 1970 to 1976, the first half of a decade during which the British polity is supposed to be tearing itself apart, and when some thought the collapse of capitalism, or democracy, or the economy, was just around the corner.

When we consult the tables, and use imagination to extrapolate them through the better year in 1977 and the possible still better year in 1978, it appears that much of the alarm

of contraction and decline (which we are supposed to have endured at least in the latter half of the period under study) is an extraordinary picture.

Telephones were rented by 42 per cent of all households in 1973 and 54 per cent in 1976. There is still a strong class correlation here, as elsewhere. The possession of phones among manual workers is still low, with only a third of council and private tenants, compared with 70 per cent of owner-occupiers having one in 1976. Yet the growth continues, in spite of the apparently unstoppable growth in the size of the bills.

On the same measure washing machines are up from 66 per cent to 71 per cent of all households. Refrigerators—which the industry once thought British would never take to—were up from 73 per cent to 88 per cent. The vacuum cleaner moved from 87 to 92 and the TV set from 93 to 96 (I had thought it was surely over 100) on these most revealing scales.

The first thought that strikes one when considering these figures is that here is the strongest evidence yet produced in favour of the proposition that our "hidden economy"—the acquisition of wealth or income by means invisible to the tax inspector's eye—is larger than the Treasury seems to think, and possibly growing. Whatever the figures say about production, or incomes, or even unemployment, it appears that the very great majority of households, at all income levels, have, shall we say, been managing somehow.

In saying all this I am not forgetting the unemployment figures, which remain far higher

The Rise in HOUSEHOLD DURABLES

% of households with...

Source: The General Household Survey, 1976

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TV Set

% of households with...

Source: The General Household Survey, 1976

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Vacuum Cleaner

% of households with...

Source: The General Household Survey, 1976

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De La Rue presses ahead to over £28m

LANDSIT up to £26.3m

THE RESHAPED De La Rue from the UK, including sales to subsidiaries, rose from £28m to £31m. There was strong demand for the products and services of the security business and the graphics business lifted exports from £10m to £15m. Total exports and overseas sales amounted to £36m—78 per cent of group turnover.

Capital investment in land, buildings, plant and equipment amounted to £5.8m. This was less than the £10.2m expected at the time of the rights issue mainly because of delays in delivery of capital equipment.

The company will continue to invest in the profitable enterprises in which it is now engaged and £14m has been earmarked in the budget for the current year for this purpose, Sir Arthur says.

Spending on research and development and design reached £2.4m (£1.8m) during the year and the directors expect to spend in excess of £3m in 1978-79.

Stocks at the end of the year were 23 per cent higher at £20.6m. The major part of this increase was in the graphics division and arose as a result of the rapid expansion in the business, particularly in the area of new products. Money due to the group from customers and other sources showed a marked increase from £21m to £28m—28 per cent.

All divisions of the security side of the business have had a good year in terms of both volume and of profitability. The banknote business which accounts for 40 per cent of sales and half of profits improved on its outstanding performance in 1977/78 in spite of the absence this time of any contracts of an exceptional nature. The new plant in Malta reached full production.

A heavy capital expenditure programme, implemented at Thomas De La Rue during the year, will be continued during the current year with the emphasis on replacement of obsolescent equipment, in particular at the main plant in Gateshead.

The division's current order book is healthy and margins are being maintained, largely due to product improvements.

The UK security systems print side produced a record result, partly as the consequence of product rationalisation in recent years and partly because of particularly heavy business in bond printing for the London market.

The joint enterprise, Ireland, De La Rue Smurfit produced a modest profit and the international services activity surpassed its performance in 1977/78 in meeting world demand for security products of various kinds including again a considerable quantity of coins in collaboration with the Royal Mint.

A heavy programme of new product development is being maintained. The 9100 system for sorting used banknotes is attractive in great interest worldwide, and deliveries of production units will start in the current year. With other new counting and dispensing products being launched this year, prospects for the business remain highly promising, says Sir Arthur.

In a particularly difficult trading year the Security Express division improved, but the cash-in-transit business had a hard time, with margins suffering as the result of intense competition and rising costs.

The Grosfeld Electronics division pushed turnover up by 80 per cent.

The division has started the current year with its order books again at record levels and is therefore viewing its immediate prospects with confidence.

By agreement with the Nigerian Federal Military Government, the company's stake in the Nigerian Security Printing and Minting Company is being reduced from 40 per cent to 25 per cent. It is planned that this change will be effected by the introduction of additional equity by the government without any subscription on the part of the group.

For a number of temporary and local reasons this company traded slightly less profitably in 1977/78.

ON TOTAL income of £64.5m against £50.7m taxable profit of Land Securities Investment Trust climbed from £21.5m to £26.3m in the March 31, 1978 year.

Net rents and interest receivable in the period were £46.81m (£43.56m), and interest payable £20.31m (£20.04m). After tax of £9.77m (£8.56m) net income from investment properties advanced from £12.06m to £16.63m.

After pre-tax outgoings for development properties of £7.89m (£9.37m) and tax relief of £4.1m (£3.98m), income available for distribution was £12.85m compared with £12.50m last year after a £4.5m transfer from the capital reserve. This practice has been discontinued with development outgoings of £1.78m for the year written off as incurred.

An open market valuation on a representative sample of properties as at March 31, 1978 revealed a 21.8 per cent rise in the value of properties, although the values pointed out that yields eased after March 31.

Directors say the aggregate value of properties owned by the group was £226.62m with investment properties comprising £774.08m. Incorporating these values not assets amounted to £1470.37m, which without adjustment for tax payable in the event of future sales, amounts to a fully diluted asset value per 50p share of 22.5p.

Earnings per share based on income from investment properties is shown at 8.61p (7.9p) basic and 7.84p (6.71p) fully diluted. Based in available income earnings are shown at 6.53p basic and 6.31p diluted.

A final dividend of 3.50p (3.2p) takes the total to 5.30p (5.2p) net against 4.80p last time. If the tax rate is reduced a supplementary final will be paid.

See Lex

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividend, financial information and other matters of general interest to shareholders and the company's affairs.

TODAY

Interim—Hanson Trust, Macdonald Securities Trust, United States and Steel Finance—Anderson's Rubber, Eas Indemica Harrison, and the Gold Group Development Investment Trust, The Times, Veeva, Westbank Production.

FUTURE DATES

June 11: Allied Breweries, Bunnell-Forman, Caledonian (Kings), Huber, and the Gold Group Development Investment Trust, The Times, Veeva, Westbank Production.

June 12: B.P. Industries, British Tar Product, Carding Group, Chatterbox Films, Continuum, Stannard, Dartmouth Investment, Doring (G. H.), Fortman (B.), Finance and Industrial Trust, ICI International, Lloyds, William Baulder, P.H. & S., Sarsa, W.G. & J., W.J. & J.

June 13: W.G. & J., W.J. & J.

June 14: W.G. & J., W.J. & J.

June 15: W.G. & J., W.J. & J.

June 16: W.G. & J., W.J. & J.

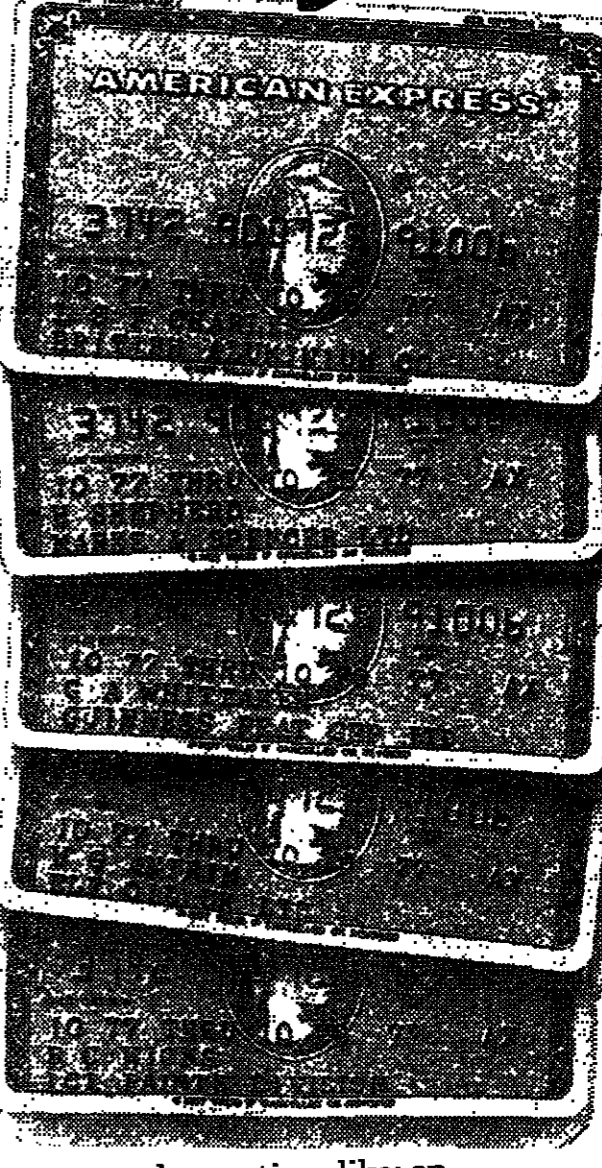
BERTRAMS TRIMS LOSS TO £74.997

Despite turnover dipping from £1.11m to £0.99m the loss at Bertrams in the April 2, 1978 half year was trimmed from £20,500 to £74,997.

Again no interim dividend is to be paid. For all last year the group loss was £20,500. Dividend of 1.50p net per 25p share were last paid in 1974-75 when a £0.21m profit was achieved.

See Lex

Top company executives carry it



Lee Cooper to expand licensee activities

The directors of Lee Cooper Bank of England permission has been received to form companies in Switzerland and Greece. The Swiss companies will permit in the coming year, Mr. H. C. Cooper, the chairman says in his annual statement.

The division has entered further agreements with Tunisia, Greece and Cyprus for the sale of Lee Cooper merchandise and negotiations with further licensees have reached an advanced stage and it is hoped that these will be finalised in the current year.

Mr. Cooper says that despite the economic depression throughout Europe, the current year's trading has so far been most satisfactory and further growth is anticipated. Profit margins are expected to remain acceptable.

The SABAH TIMBER Company Limited

In his statement circulated with the accounts for the year ended 31st December 1977 the Chairman, Mr. J. McLeod, O.B.E., reports:

- Reduced profit due to lower Eastern earnings and depressed U.K. construction activity
- Maximum permitted dividend
- Extension of U.K. network
- New investment in Malaysia

SUMMARY OF RESULTS FOR YEAR ENDED 31ST DECEMBER 1977

Turnover	£74,434,274
Profit before tax	£7,036,775
Profit after tax and extraordinary items	£4,313,947
Dividends	£699,211
Net profit retained	£3,614,636
Shareholders' funds	£25,282,328
Earnings per 10p share	8.43p
Dividend per 10p share	1.634p

Registered Office:
14 Great Tower Street, London EC3R 5AB.
Annual General Meeting—30th June 1978

It is no coincidence that executives at 43 out of Britain's top 50 companies carry the American Express Company Card*. It is a matter of good business sense.

Whether travelling on business at home or abroad, the Card allows key executives to operate more efficiently on your company's behalf.

Worldwide acceptance

They can settle bills at thousands of fine restaurants, hotels and travel offices around the world, simply and in style.

Unhampered by any specific pre-set spending limits, and backed by your company's own good name, executives can hire cars without a deposit, purchase airline tickets and even cash personal sterling cheques in an emergency.

The American Express Company Card is such a sophisticated alternative to cash, with its worldwide recognition and acceptance, that executives can even meet unplanned expenses, such as last-minute changes in travel arrangements or the impromptu client lunch.

Simple expense administration

This unbeatable flexibility and security for the executive is further enhanced by other tangible benefits to the company.

These include: a reduction in the amount of cash advances; a reduction in the number and cost of foreign currency conversions; simplification of expenses

administration for company and executive alike; an exclusive choice of billing arrangements, and the facility to settle monthly charges with a single cheque.

The American Express Company Card Plan is already helping many top companies and their executives. It can help your company just as well.

Simply write to R.A. Harris, Manager, Company Cards, American Express Company, 19 Berners Street, London W1P 3DD, or call his office direct on 01-637 8600.

American Express Cards for Companies

*Source: 'The Times' 1000-1977.

To: R.A. Harris, Manager, Company Cards, American Express Company, 19 Berners Street, London W1P 3DD
I should like to learn more about American Express Cards for Companies. Please contact me at the address below:

Name _____
(If initials please)
Position _____
Company _____
Address _____

Tel. No. _____ FT2
Incorporated with limited liability in the U.S.A. U.S. Quarters, Resident Vice President

Newman Inds. in good position

Banking figures

(as table 9 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1-Banks	May 17, 1978	Change on month
Eligible liabilities	£m	£m
U.K. banks		
London clearing banks	24,937	+251
Scottish clearing banks	2,707	+49
Northern Ireland banks	841	+15
Accepting houses	1,906	+124
Other	6,461	
Overseas banks		
American banks	4,140	+149
Japanese banks	263	+22
Other overseas banks	2,996	+7
Consortium banks	245	
Total eligible liabilities*	44,496	+613

Reserve assets		
U.K. banks		
London clearing banks	3,348	+90
Scottish clearing banks	363	+10
Northern Ireland banks	118	-1
Accepting houses	288	+7
Other	887	
Overseas banks		
American banks	613	+18
Japanese banks	40	+3
Other overseas banks	489	+40
Consortium banks	49	
Total reserve assets	6,195	+87

Constitution of total reserve assets		
Balances with Bank of England	351	-4
Money at call:		
Discount market	3,339	+37
Other	216	-30
U.K. reserve certificates	118	+75
U.K. Northern Ireland Treasury Bills	918	
Other bills:		
Local authority	116	+18
Commercial	735	-11
British Government stocks with one year or less to final maturity	498	+2
Other	—	
Total reserve assets	6,195	+87

Ratios %		
U.K. banks		
London clearing banks	13.4	+0.2
Scottish clearing banks	13.4	+0.1
Northern Ireland banks	14.0	-0.4
Accepting houses	15.1	-0.3
Other	13.7	
Overseas banks		
American banks	14.8	-0.1
Japanese banks	15.2	+1.2
Other overseas banks	16.3	+0.1
Consortium banks	19.9	
Combined ratio	13.9	

N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	328	+315
2—Finance houses		
Eligible liabilities	341	+16
Reserve assets	35.3	+1.8
Ratio (%)	10.4	

Special deposits at May 17 were £1,284m (up £38m) for banks and £10m (unchanged) for finance houses. *Interest-bearing eligible liabilities were £30,096m (up £707m).

London Clearing Banks' balances

as at May 17, 1978

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business

of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the banking sector as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures

produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES

	Total outstanding	Change on month
	£m	£m
LIABILITIES		
Sterling deposits:		
U.K. banking sector	4,162	-572
U.K. private sector	26,400	+201
U.K. public sector	617	-49
Overseas residents	2,153	-2
Certificates of deposit	2,364	+24
of which: Sight	35,997	-339
Time (inc. CD's)	15,102	-321
Foreign currency deposits:		
U.K. banking sector	3,665	+117
Other U.K. residents	1,184	+122
Overseas residents	11,018	+296
Certificates of deposit	1,128	-28
Total deposits	16,996	+508
Other liabilities*	5,786	+98
TOTAL LIABILITIES	61,778	+207
ASSETS		
Cash and balances with Bank of England	1,111	+5
Market loans:		
U.K. banks	2,141	+60
Discount market	3,237	-411
Other	9,725	-178
Certificates of deposit	1,203	-29
Local authorities	372	-130
Other	—	-678
Acceptances	260	

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL	Change on month	BARCLAYS	Change on month	LLOYDS	Change on month	MIDLAND	Change on month	NATIONAL WESTMINSTER	Change on month	WILLIAMS & GILLY	Change on month
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
LIABILITIES												
Total deposits	32,993	+109	14,463	+221	9,830	-412	11,352	+165	15,652	+142	1,695	-7
ASSETS												
Cash and balances with Bank of England	1,111	+5	366	+33	176	-64	215	-31	328	+53	29	-4
Market loans:												
U.K. banks and discount market	10,806	-225	2,769	+51	2,342	-398	1,933	+138	2,454	-1	308	-15
Other	9,725	-200	2,579	-59	2,679	+7	1,309	-119	2,666	-20	302	-8
Bills	1,354	-65	265	-1	108	-24	560	-75	598	+30	24	+5
Special deposits with Bank of England	852	+26	257	+3	118	+2	197	+11	253	+8	26	+1
British Government stocks	2,273	+10	510	+4	437	-	406	+6	805	+1	115	-
Advances	27,948	+363	8,069	+104	4,156	+98	6,628	+232	8,130	+108	981	+21

TABLE 3. CREDIT CONTROL INFORMATION

	1978	1977
(Parent banks only)		
Eligible liabilities	24,798	+253
Eligible liabilities	3,330	+94
Reserve assets	13.4	+0.2
Reserve ratio (%)	13.5	+0.6

Sabah well placed for expansion

Following the end of 1977 five additional shares have been made to the group. Although individually not very large, together they represent a useful extension to the group's distribution network in timber and general building materials. Mr. McLeod reports that other prospects are under consideration or study, with the emphasis on the merchanting of goods. At the same time the group continues to broaden the supply base of existing units. The group's pre-tax profits of £1.7m in 1977, compared with £1.6m in 1976, were a result of a combination of factors. The chairman explains that in 1977 the Eastern sector adverse weather conditions affected production from the concession in the Sabah which at 8.7m cubic feet and capitalised down by 11 per cent. Log prices at the beginning of 1977 were at a very low level and after a brief rally in March and April had fallen back in the remaining months of the year. Royalties to the Sabah Government amounted to £1.7m and the nature of such payments, the effect on profit

FS Assurance launches income bond

FS ASSURANCE, the Glasgow-based life company, has launched a new guaranteed income bond, which can also be used as a growth bond, yielding 8½ per cent net of basic rate tax.

The contract takes the form of a single premium endowment assurance—terms three, four or five years, with guaranteed bonuses added to the plan at the rate of 8½ per cent per annum. The investor can either cash in these bonuses at the end of each year, thereby providing a guaranteed income, or leave them to roll up thereby ensuring guaranteed growth.

This is the first time that the company has marketed a guaranteed income bond. Previously, it had confined itself to a guaranteed growth plan only. Now it has extended its range offering investors the choice of growth or income within the same contract.

The minimum investment is £1,000 and the maximum amount £50,000. The minimum investment is £1,000 and the maximum amount £50,000.

Another good year for De La Rue

"After the spectacular advance of 1976/77 the Board's confidence that the Company, in its new cohesive shape with its clear new identity, is fully capable of sustaining and improving upon its present soundly based position is as great as ever."

The central product of the business is the banknote, in which we hold a dominant position in the available world market. It accounts for 40 per cent of our turnover and half our profits. These we regard as reasonable proportions, considering the level of world demand for this important commodity and the opportunities for the supply of related products and services with which our market position and reputation as the world's leading suppliers of currency provide us.

De La Rue goods and services possess the characteristics of high performance, high dependability and a high level of after-sales service. These features are common to everything that De La Rue sells.

Sir Arthur Norman, KBE, DFC, CHAIRMAN.

Thomas De La Rue

The Banknote business improved on its outstanding performance of last year. Order book is healthy for the new financial year and margins are being maintained.

De La Rue Crosfield

The Division moved into profit from a position of fairly substantial loss. Prospects for the business: highly promising.

Crosfield Electronics

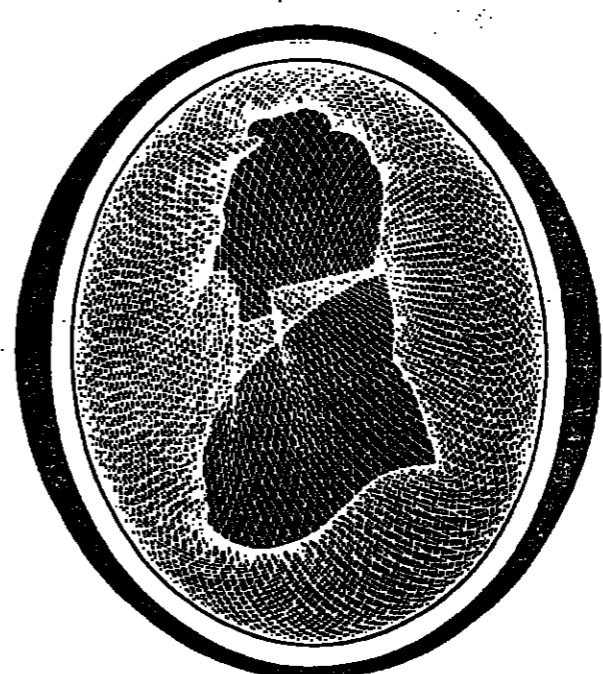
Spectacular progress with turnover up by 60% and profits quadrupled. Order book again at record level and immediate prospects are viewed with confidence.

Security Express

In a particularly difficult trading year the Division did well to improve on its results.

Associated Companies

Current year prospects look good at this stage.



Results for the year to 31st March 1978		
	1978	1977
	£000	£000
Sales:		
UK	24,619	19,631
Export	68,369	58,149
Overseas	17,134	12,415
	110,122	90,195
Trading profit before interest payable	25,019	19,088
Interest payable	770	888
Trading profit	24,249	18,200
Percentage on Sales	22.07	20.24
Share of profits of associated companies	4,091	4,906
Profit before taxation	28,340	23,106
Taxation (Note 2)	8,379	10,036
Profit after taxation	19,961	13,070
Minority interests	356	189
Profit attributable to The De La Rue Company Limited, before extraordinary items	19,605	12,881
Extraordinary items	912	(538)
	20,517	12,343
Dividends		
Retained earnings	3,660	2,268
	16,857	10,075
Earnings per Ordinary share, before extraordinary items	5.44p	36.9p

Note 1: 1977 figures are based on the revised accounts for the year ended 31st March 1977.

Note 2: Dividends are based on the accounts for the year ended 31st March 1977.

Notice of Redemption

Massey-Ferguson Nederland N.V.

9 3/4 % Guaranteed Sinking Fund Debentures Due July 1, 1982

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of July 1, 1975 under which the above debentures were issued, Citibank, N.A., as Fiscal Agent, has drawn by lot, for redemption on July 1, 1978, through the operation of the sinking fund provided for in the said Agreement, \$1,000,000 principal amount of Debentures of the said issue of the following distinctive numbers:

Table with 2 columns: COUPON DEBENTURES OF \$1,000 PRINCIPAL AMOUNT OUTSTANDING. The table lists numerous debenture numbers and their corresponding coupon values.

The Debentures specified above are to be redeemed for Sinking Fund (a) at the W.C.G. Agency Services Department of the Fiscal Agent, 111 Wall St., Bond Window—2nd Floor, in the Borough of Manhattan, The City of New York or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank, N.A. in London (Citibank House); Citibank (Luxembourg) S.A.; Credito Italiano, Milan; Dresdner Bank Aktiengesellschaft, Frankfurt/Main; Pierson, Helderling & Pierson, Amsterdam; Societe Generale, Paris; Swiss Bank Corporation, Basel; Credit Suisse, Zurich and Societe Generale de Banque S.A., Brussels. Payment of the principal amount of the debentures shall be made by the United States dollar check drawn on a bank in New York City or by transfer to a United States dollar account maintained by the payee with a bank in New York City on July 1, 1978, the date on which they shall become due and payable, UPON PRESENTATION AND SURRENDER THEREOF, at the redemption price of 100 per cent of the principal amount thereof, together with accrued interest to the date fixed for redemption. On and after said redemption date, interest on said Debentures will cease to accrue.

The Debentures should be presented at the offices set forth in the preceding paragraph on the said date with all interest coupons remaining subsequent to the redemption date.

Coupons due July 1, 1978 should be detached and presented for payment in the usual manner.

For MASSEY-FERGUSON NEDERLAND N.V.

By CITIBANK, N.A.

Fiscal Agent

May 31, 1978

Hoechst

Payment of Dividend

NOTICE IS GIVEN to shareholders that following a resolution passed at the Annual General Meeting of shareholders held on 6th June, 1978, a dividend for the year ended 31st December, 1977 of 12 % on the nominal value of the shares will be paid as from 7th June, 1978 against delivery of Coupon No. 38 or lodgement of London Deposit Certificates for marking Square No. 28.

The dividend of 12 % will be subject to German Capital Yields Tax of 25 %.

Coupons and London Deposit Certificates may be presented as from 7th June, 1978 to

S. G. Warburg & Co. Ltd., Coupon Department, St. Albans House, Goldsmith Street, London, EC2P 2DL

from whom appropriate claim forms can be obtained.

Coupons will be paid at the rate of exchange ruling on the day of presentation.

Payments in respect of London Deposit Certificates will be made at the rate of exchange ruling on the day of receipt of dividend on the underlying shares deposited in Germany.

United Kingdom Income Tax will be deducted at the rate of 19 % unless claims are accompanied by an affidavit.

German Capital Yields Tax deducted in excess of 15 % is recoverable by United Kingdom residents, and the Company's United Kingdom Paying Agent will, upon request, provide Authorised Depositaries with the appropriate forms for such recovery.

Frankfurt am Main, June 1978

Hoechst Aktiengesellschaft

BANKING AND SOURCES OF FINANCE IN THE FAR EAST

Published by the Banker Research Unit and now available, this new volume describes banking systems and credit sources in ten countries of the Far East. These are:

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BIDS AND DEALS

St. Piran has nearly 30% of Monk

Tin mining and property development group, Saint Piran, has acquired a further 100,000 shares in A. Monk and Co. taking its total stake to 2,235,000 shares or 29.95 per cent of Monk's capital. Saint Piran can buy only a very few further shares without triggering a takeover bid under the City Takeover Code.

Saint Piran's chairman, Mr. W. J. Shaw, was not available for comment last night, but the company secretary, Mr. E. Skinner, said that the acquisition of the additional shares did not mean a change in strategy by Saint Piran.

He said that the holding was still only an investment and that there was no intention of making a takeover bid.

Monk's chairman, Mr. W. S. Whittingham, said last night that there had been no discussions with Saint Piran since the acquisition of the latest parcel. "They told us in January that they weren't going to make a bid," he said. "We can't understand it at all."

Saint Piran buying operation has been underway for almost a year. When the interest reached around 20 per cent earlier this year Piran made an unsuccessful bid to have a director elected to the Monk Board.

REDMAN HEENAN BID 'TOTALLY UNACCEPTABLE'

As expected, the board of Spooner Industries has rejected the £24m bid from Redman Heenan, describing it as "com-

pletely inadequate and totally unacceptable."

A detailed statement giving the reasons for this conclusion will be circulated after the formal offer documents have been posted on behalf of Redman Heenan.

Meanwhile, shareholders are strongly advised by their board to vote no resolution regarding their shareholding and, in particular, not to sign any documents sent to them by or on behalf of Redman Heenan.

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Germans go ahead with Newey offer

William Prym-Werke KG has today received irrevocable undertakings to accept the proposed offer in respect of 457,233 ordinary shares of Newey Group, representing 18.7 per cent of the ordinary capital. Accordingly, the pre-condition to Prym's proposed offer having been satisfied, Prym's cash offer of 18.7 per cent of the ordinary shares of Newey not already owned will now proceed, subject to the terms and conditions already announced.

Prym currently owns 608,663 ordinary shares of Newey which, together with the 457,233 for which irrevocable undertakings have now been received, represent 43.3 per cent of the capital.

Morvan Grenfell will post the formal offer documents to the holders as soon as practicable.

M. W. Marshall buys American company

M. W. Marshall Investments, holding company of leading money brokers M. W. Marshall & Co., has completed the acquisition of Lasser Brothers of New York for a share consideration worth something over £11m.

Mr. John Barkshire, chairman of Marshall, said yesterday: "We believe it makes sense to have a leading American company in our portfolio."

The 560,000 shares issued in payment for Lasser Brothers represent 23 per cent of the enlarged capital. Shares of Marshall, which is not quoted, have exchanged hands in recent years at £2 or more each. On this basis, the whole company is valued at more than £19m.

The advantage of the deal is that it gives Marshall a very strong presence in the growing New York market, not to mention an office in San Francisco and the justified claim to be the biggest American company in the world.

The strength of Lasser Brothers in New York are in Euro-currencies and Federal funds. Lasser is therefore a good fit for Marshall, said Mr. Barkshire, which is strongest on Foreign exchange.

As the biggest broker resident in the U.K., Marshall has for some time been a possible candidate for a takeover on the Stock Exchange. Mr. Barkshire said yesterday: "It must be a possibility at some time in the future."

Prior to the acquisition, Electra Investment Trust held 10 per cent of Marshall. About half the company is owned by directors and staff.

WOOD ST. MILL Wood Street Mill Co., textile waste spinners and manufacturers, of Bury, has been informed that an offer is being made for its capital. The Board

in the company of £48,388, and the consideration and loan totalling £71,788 are payable as to £38,000 on exchange of contracts (received June 5) and the balance by two instalments on June 5, 1979 and June 5, 1980.

BIRMINGHAM AND MIDLAND COUNTIES Birmingham and Midland Counties Trust, has sold its subsidiary, Lockwood, Blagden and Crawshaw, to Pilkington Brothers for £1m cash.

Sales of dolomite from Lockwood's to Pilkington's represents the majority of Lockwood's turnover. The sale to Pilkington's, however, will not result in any redundancies.

HILLARDS COMPLETES Following the preliminary announcement made on May 8, it is confirmed that Hillards, the Leeds-based supermarket group, has purchased from Key Markets Limited, a subsidiary of Fitch Lovell, the leases, equipment, fixtures and fittings of a chain of 17 retail shops in London and south-east England, for £1.05m in cash, plus £1.01m for the stocks.

These shops formed the major part of the KD Discount Division of Key Markets, and have a total selling area of 75,000 sq ft, with units varying in size from 3,000 to 6,500 sq ft. In addition to the 17 shops, Hillards acquired from Key Markets leasehold warehouse accommodation of over 30,000 sq ft.

WALKER SONS (UK) Acceptances of Anglo-Indonesian Corporation's offer for Walker Sons and Co. (UK) has been received in respect of 237,820 ordinary stock (83.94 per cent) and £78,945 preference stock (54.58 per cent).

Both offers are unconditional and remain open.

ASSOCIATES DEALS Sellman Rayner has recently bought 7,500 W. Marshall and Sons (Addlestone) at 25p, 32,500 at 26p and 50,000 at 25 1/2p on behalf of Pettford, which now owns more than 5 per cent of the capital.

Baring Bros. bought 25,000 Malaysian Estates at 88p for discretionary investment clients. Also 985 Harrisons and Crosfield at 48 1/2p for a discretionary investment client.

Rowe and Pimman, Bursi-Brown bought for a discretionary client 468 Thomas Tilling at 110p.

Floare Govett bought 2,500 Spooner Industries at 65p on behalf of Redman Heenan.

30th JUNE 1978 REDEMPTION

MIDTKRAFT ELECTRICITY

(Interessentskabet Midtkraft)

U.S. \$8,000,000 5 1/2 % Bonds 1979

REDEMPTION OF BONDS

Midtkraft Electricity announces that for the redemption period ending on 30th June 1978 it has purchased and cancelled bonds of the above loan for U.S. \$1,211,000 nominal capital.

The nominal amount of bonds to be drawn for redemption at par on 30th June 1978 to satisfy the Company's current redemption obligation is accordingly U.S. \$6,789,000 and the nominal amount of this loan remaining outstanding after 30th June 1978 will be U.S. \$6,578,000.

DRAWING OF BONDS

Notice is accordingly hereby given that a drawing of bonds of the above loan took place on 19th May 1978 attended by Mr. Keith Francis Croft Baker of the firm of John Venn & Sons, Notary Public, when 679 bonds for a total of U.S. \$6,789,000 nominal capital were drawn for redemption at par on 30th June 1978.

The following are the numbers of the bonds drawn:

Table with 2 columns: The following are the numbers of the bonds drawn. The table lists numerous bond numbers and their corresponding values.

Witness: K.F.C. Baker, Notary Public.

The above bonds may be presented for payment of the proceeds of redemption at par on or after 30th June 1978 at the offices of the paying agents named on the coupons in the manner specified in Condition 4 of the Terms and Conditions of the Loan printed on the bonds. Each of these bonds when presented for redemption must bear the coupon dated 30th June 1978, otherwise the amount of the missing coupon will be deducted from the principal to be repaid.

Principal Paying Agent: N.M. Rothschild & Sons Limited, New Court, St. Swithins Lane, London EC4P 4DU.

7th June 1978

UNITED HOTEL (BAHRAIN) COMPANY W.L.L.

guaranteed by

H.E. SHEIK KHALIFA BIN SALMAN BIN HAMAD AL-KHALIFA

PRIME MINISTER OF BAHRAIN

acting on his own behalf

FF. 118,740,000

French Export Credit

Arranged by

BANQUE WORMS

U.S.\$ 20,500,000

Secured Medium Term Floating Rate Loan

Managed by

BANQUE WORMS The CHARTERED BANK (O.B.U. Bahrain)

THE NATIONAL BANK OF KUWAIT S.A.K. ABU DHABI INVESTMENT CO.

Provided by

Abu Dhabi Investment Co. The Bank of New York (London) Banque Francaise du Commerce Exterior Banque Nationale de Paris The Chartered Bank (O.B.U. Bahrain) Credit Lyonnais The National Bank of Kuwait S.A.K. Union Bank of the Middle East Ltd.

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Agent Bank

BANQUE WORMS

Central & Sheerwood sees more growth

INDICATIONS are that 1978 will show further record results for Central & Sheerwood and Mr. Francis Singer, chairman, says that the group is well set to continue its progress and prosperity for the years ahead.

During the year a number of projects, including the walking draught, will make their first contribution to profits. Smaller acquisitions are constantly being considered and the directors would also consider a major transaction should a suitable opportunity occur.

In the year 1977 group pre-tax profits expanded from £3.34m to £4.71m, with earnings per share rising from 4.52p to 6.32p.

Net tangible assets increased from £14.54m to £16.55m. Liquidity improved considerably during the year—net short term borrowings were reduced from £4.12m to £0.97m.

Despite the problems of the British Motor Car industry the Dunn Group offshoot, which specialises in the production of high quality non-ferrous casting, made further progress. Its export business is expanding and promises continuous growth for years ahead.

Tranco Redfire which has a significant share of the solid fuel domestic oil and central heating boiler market had a good year after a thorough reorganisation and made a significant contribution to profit. Dawson MHP, the hospital sterilising and catering equipment makers, was running at a profit towards the end of the year. The chairman says that this group is well set to become a significant force in a market which up to now has relied far too much on imported equipment.

Newton Chambers Engineering had an excellent year with profits rising steeply. Photopia has lived up to its expectations at the time of the offer and the chairman feels that its consistent growth record will continue.

The scope for the group's financial services is expanding and further growth is expected. The pre-tax profit adjusted in

accordance with the Hyde guidelines is shown at £2.87m after additional depreciation of £0.65m, cost of sales adjustment £1.33m, less gearing £0.44m. The directors say that they have considerable reservations as to benefits to be derived from the publication of these figures.

Meeting Hyde Park Hotel, S.W., June 28 at noon.

Fall in dollar hits Burrough

MAINLY REFLECTING the reduction in the value of the dollar, pre-tax profits of James Burrough, the Beeston gin distilling group, declined from £3.22m to £3.12m in the year ended February 28, 1978. Turnover improved from £24.17m to £25.52m.

A second interim dividend of 2.97p is declared taking the total up from 3.3p to 4.29p. Burrough is a public but unquoted concern.

Scottish Heritable sees growth

The arrangement to buy further shares in Trans-Continental Carpets and the acquisition of City Estates will have a beneficial effect on 1978 profits at Scottish Heritable Trust, Mr. A. Cochran Duncan, the chairman says in his annual statement. He is confident group profits will show a further increase in the year.

He says Trans-Continental has been trading well and that by December 31, 1978, it will be at least 50.6 per cent owned. The group intends taking up its

option at May 1, 1979, to make the company a wholly owned subsidiary. It will make a substantially improved contribution to 1978 profits, he says.

The acquisition in May this year of City Estates, a residential property company in Glasgow, has added to the group's stock of residential property.

Current trading in all group divisions is buoyant, with the exception of the motor supply operations, which remain disappointing.

In 1977 pre-tax profit of Scottish Heritable improved from £0.34m to £0.51m.

Meeting, Glasgow, June 28 at noon.

Record at Rowton Hotels

A RECORD pre-tax profit of £0.95m against £0.60m was achieved by Rowton Hotels in 1977 on turnover ahead from £2.42m to £3.55m.

The result includes non-trading profits largely from investment portfolio realisations of £111,402 (£2,070). At half-time profit was up from £0.27m to £0.36m.

Mr. W. B. Harris, the chairman, says that the three London hotels and the Mill Hotel in Suffolk had a most successful year. Occupancy in its London hotels remained at a high level.

For the current year, after a slow start directors expect a busy year, he says. However, the company has yet to complete the modernisation of its vacant office space or to find tenants.

Profit is subject to tax of £0.47m (£0.34m). Last year there were extraordinary credits of £0.47m. The final dividend of 3.6975517p takes the total from 5.606033p to 6.207265p net per 25p share.

British Syphon improves

THE SLACKNESS in demand for cooling equipment at British Syphon Industries has continued into 1978 and is bound to offset to some extent the increased activity in other parts of the group, Mr. J. R. Eardley, the chairman, says in his annual review.

The group is, however, trading at a higher level than in the second half of 1977 when a depressed £0.42m was earned, and Mr. Eardley trusts that this improvement will continue throughout the remainder of the year.

Last year while demand for cooling equipment from the brewing industry was lower, the group's market penetration was increased.

Efforts were also made to increase exports, resulting in a 27 per cent increase to £0.54m. The costs involved were considerable and the real benefits will only be felt in the future as markets develop, Mr. Eardley says.

Mr. J. Coull, the managing director, says the expansion of the dispensing equipment division facilities which began in 1976 continued last year with the acquisition of further production area. This is due to come on stream this year.

The engineering division will also benefit in the future from greatly improved facilities, although the local and national shortage of skilled engineering manpower which continued last year may limit growth in the division in the near future.

Completion of the revision of systems and the broadening of the product base as a prelude to further expansion in the merchanting division coincided with increased demand in the closing months of 1977 and this is likely to be sustained this year.

As well as increased activity in materials handling and storage products, franchises have been negotiated for new plastic materials which should have wide demand in the future.

At year end net current assets of the group were up from £2.12m to £3.04m. Industrial and Commercial Finance Corporation and one of its associates is a substantial shareholder with 849,122 shares, and is also a major lender to the group.

SCOTTISH NORTHERN Scottish Northern Investment Trust has renewed its loan of U.S.\$ 3.5m from Clydesdale Bank for three months with effect from June 6. The rates of interest is 9 1/2 per cent.

هكذا من الأصل

This advertisement is not to be construed as a public offering in any province of Canada of the securities mentioned herein.

\$60,000,000

The Royal Bank of Canada

9 1/4% Debentures

To be dated June 1, 1978

To mature June 1, 1986

Price: 100 and accrued interest

Copies of the offering circular may be obtained from such of the undersigned and other dealers as may lawfully offer these securities in this province.

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Midland Doherty Limited

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John Graham & Company Limited

May 1978

Why have 144 of the world's largest companies moved to Puerto Rico?

(Puerto Rico is the ideal gateway to a 230 million consumer market: the U.S.A.)

Manufacturing in Puerto Rico is manufacturing in the U.S.A.

The Commonwealth of Puerto Rico is an integral part of the United States. Any product manufactured in Puerto Rico carries the stamp "Made in U.S.A." which allows it to enter the U.S. market without paying custom duties or surcharges.

But it is more profitable.

144 of the companies listed in the Fortune 1000 have moved to Puerto Rico. General Electric, Westinghouse, Du Pont, Ford, IBM, Digital, Babcock & Wilcox, R.C.A., U.S. Steel, are only a few of the many companies that recognize the advantages of manufacturing in Puerto Rico.

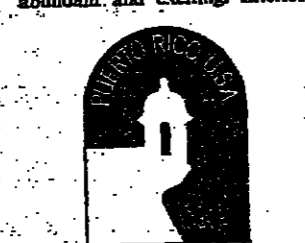
Advantages like its people. Puerto Rico's work force is abundant (one million strong, with 51% under 35 years of age), skilled (average of 11.7 years of schooling) and more productive (gross of \$4.03 on the dollar vs. \$3.36 for Mainland U.S. workers). Average hourly wage is \$3.09 vs. \$5.73 for Mainland U.S. workers.

Easier. The Government of Puerto Rico grants newly established industries up to 100% tax exemption for periods between 10 and 30 years. It also assists new industries with the construction or leasing of its industrial buildings. And it facilitates repatriation of profits.



And pleasant. Puerto Rico is a sunny tropical paradise. Cultural activities are abundant and exciting. Interior

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communication networks are fast and efficient. And Puerto Rico is only 3 1/2 hours by plane from New York, 2 1/2 from Miami and 1 from Caracas.

Manufacturing in Puerto Rico offers many more advantages. To get to know them all, just mail the attached coupon.

Puerto Rico Industrial Development Administration
Calle Nívar, de Balboa, 28, 39
Madrid-1, Spain. Tel. 275 49 07.
D-6000 FRANKFURT/MAIN
Federal Republic of Germany
Zürich-Haus-Pavillon
I want to find out all the advantages of investing in Puerto Rico.

Name _____
Company _____
Address _____

Product I am interested in manufacturing in Puerto Rico _____

It is time you found out all the advantages of investing in Puerto Rico/U.S.A.

The Scottish Heritable Trust Limited

Mr. A. Cochran-Duncan, CA, covered the following points in his statement to shareholders for 1977.

1977 Results: The Group Profit before tax for 1977 increased to £566,957 (£535,135), a record for the Group despite the reduction of £108,520 in income resulting from the sale of the Plant Division. These figures include the Group's share of the profits of the Associated Company, Trans-Continental Carpets Limited and its subsidiary, Kayam Carpets Limited, acquired during the year.

Dividend: A final dividend of 0.699p is recommended making a total for 1977 of 1.349p, the maximum permitted.

Exports: Exports during 1977 amounted to £1,727,296 (£1,471,257).

Scrp Issue: A scrip issue of one new Ordinary Share for every two held is recommended.

Current Trading: Current trading is buoyant in all divisions with the exception of the Motor Division which is still disappointing. The 1978 Group Profits should show a further increase with the benefit of a substantially increased contribution from Trans-Continental Carpets Limited which will become a subsidiary during the year and also from the acquisition of City Estates Limited, the new property subsidiary. Increased reserves leave the Company well placed for further acquisitions.

Registered Office: 11 George Square, Glasgow G2 1DY.

Camrex

Complete another record year by winning the Queen's Award for Export Achievement

"Camrex Limited, our marine subsidiary company, deserve our warmest congratulations on winning the coveted Queen's Award for Export Achievement."

"The Camrex Group as a whole offers a service which spans the world. In order to achieve the Group strategy of supplying goods and services at short notice, we have a network of agents to complement our subsidiaries and associates—the Camrex name is therefore represented on every Continent."

Alex G. Cameron, Group Chairman



"Reward for efforts in the export field came in April, 1978 when Camrex Limited had the Queen's Award for Export Achievement conferred upon them. We are justifiably proud as this is not only a recognition of the achievements of the marine division personnel involved, but also indirectly recognition of the many other Group support services. The award is an added incentive for us to continue to retain and increase our activities in the export markets of the world."

A. Miller, Chairman, Camrex Limited

Financial Highlights

	1977	1976
Turnover	£'000	£'000
Profit before taxation	24,209	24,522
Profit after taxation	1,960	1,764
Earnings per share	11.51p	10.36p
Net assets per share	79.96p	79.05p

Record Profit

In view of the difficult market conditions experienced during the year the increase in pre-tax profit of £0.2m to £1.96m is a most encouraging performance. The profit to sales ratio has improved from 7.6% to 8.1%.

Trading

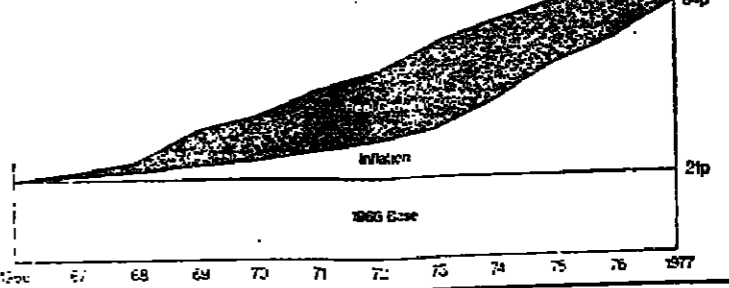
1977 is the first year in the history of the company when the results of the industrial activities have exceeded those in the marine field; this endorses the policy laid down some years ago, to expand the business outside the shipping and shipbuilding industry. However, we have continued to increase our production capacity for marine coating overseas and we have recently opened a new factory in Brazil and taken an interest in a company in the United States.

Dividends

Following the rights issue dividends have been increased by 20% to a net 3.95p (gross 6.0p) compared with 3.24p (gross 4.98p) in 1976. Since becoming a public company the group has maintained a level of growth sufficient to ensure that dividends have been increased each year and that the asset-backing of the group's shares has kept ahead of general inflation.

Copies of the report and accounts are available from The Secretary, Camrex (Holdings) Limited, Camrex House, Sunderland.

Net Assets per Share



Liquidity

There has been a further improvement in liquidity with net borrowings of £0.3m at 1.1.77 being transformed into net funds of £1.3m at 31.12.77 an inflow of £1.6m. In addition to the £0.5m generated from trading, £1.1m was raised from the rights issue. From this strong financial base the group has the ability to exploit opportunities for future expansion.

The Future

Addressing the Annual General Meeting, held in Sunderland on the 6th June, The Chairman said: "The continued recession in shipping and the bad weather in the early part of the year have resulted in the Group profit being well below expectations. Half year profits will be less than last year. However, it is anticipated that the results for the full year should be satisfactory".

MANUFACTURERS OF SPECIALISED SURFACE COATINGS, WORLDWIDE ANTI-CORROSION ENGINEERS AND CONTRACTORS.



INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Recovery at Campbell Industries

By Our Financial Staff
SAN DIEGO, June 6.

IN A SERIES of related announcements, Campbell Industries, a shipbuilding concern that has been trying to work itself out of past financial difficulties, said it has restructured its bank and trade debt and received an increased bank credit line. The company also said it expects to report that it broke even for the year ended March 31, compared with a year-earlier loss of \$6.9m.

But Campbell also said that because of its inability to obtain performance bonding and subsequent construction financing, it has had to cancel orders placed for it to build 14 tuna boats valued at about \$70m.

Mr. Paul J. Stevens, the president, said that Campbell could not obtain the bonding because of losses suffered on other shipbuilding contracts.

When Campbell completes three other ships currently under contract along with two tug and supply boats, the company and its lenders will be in a position to re-evaluate Campbell's new ship construction programme.

"We hope that Campbell can then pick up on mutually acceptable terms some or all of the 14 orders we had to cancel," he added.

Under the terms of the debt restructuring, Campbell agreed to repay immediately 38 per cent of about \$8m in trade and bank debt whose due date had been extended under an agreement worked out in February 1977. Campbell said it has paid its 184 trade creditors \$1m and Security Pacific National Bank a unit of Security Pacific Corporation \$1.6m. It still owes trade creditors \$1.7m and the bank \$3.1m. The remaining debt will be paid in instalments with a final payment of \$2.5m due on April 15, 1981. Interest will be paid quarterly at the rate of prime plus 1.5 per cent and the principal amount will be secured by Campbell's fixed assets.

It currently appears that results for the year will be approximately a break-even situation, said Mr. Stevens. Campbell will make a fourth-quarter loss of \$1.5m to \$2m on the tug and supply boat contract, which will be somewhat offset by profits from other operations.

For the nine months ended December 31, Campbell reported net income of \$688,000 or 88 cents a share after an extraordinary credit of \$284,000.

Campbell Industries common stock, which was suspended in New York at \$6.75 on Monday, reopened at \$5.25-\$5.75 yesterday.

AP-DJ

Pharaon bids for stake in Texas petroleum group

By JOHN WYLES

SAUDI ARABIAN businessman Mr. Ghazi Pharaon, who last week made a \$12.3m tender offer for a 60 per cent stake in the National Bank of Georgia, is considering a \$10.5m investment in a Texas petroleum company.

Mr. Pharaon is a shadowy 37-year-old entrepreneur whose investments in the last 18 months include land in Louisiana and membership of a group which took a controlling interest last August in the Main Bank of Houston.

Since then he attracted attention as the intended purchaser of more than half of the 17 per cent stake in the National Bank of Georgia held by Mr. Bert Lance, the President's former Budget

Director. A condition of that deal was said today that it did not intend to oppose the proposed tender offer, which meets Mr. Pharaon's condition for proceeding.

OKC's shares were suspended from trading on the New York Stock Exchange this morning, but its closing price last night was \$131. The company earned \$8m (\$2.10 per share) in 1977 on sales of \$167.1m.

According to Mr. van Court, Mr. Pharaon also owns 38 per cent of Sam P. Wallace a Dallas mechanical contracting company, holding in the Dallas-based company whose main interest is the refining and transport of petroleum, but which also manufactures cement and manages real estate.

Mr. Pharaon is clearly bent on expanding his interests in the sunbelt for his Houston lawyer, Mr. Frank van Court, today announced that the Saudi Arabian was considering making a tender offer for a minimum of 500,000 shares of the common stock of OKC Corporation at a price of about \$21 a share. This would give him a 12 per cent stake in the company.

Mr. Pharaon lives in Jeddah and, according to other sources, is the son of Rashid, special adviser to King Khaled of Saudi Arabia.

AP-DJ

Societe Generale in Montreal

By Robert Gibbons

MONTREAL, June 6.

THE CANADIAN affiliate of Societe Generale, France's third largest bank, yesterday officially opened its Montreal head office and made clear that it is stepping closer to becoming a fully-fledged Canadian bank.

The bank, under the proposed new Bank Act, Foreign banks will be able to become fully chartered with a maximum of five branches in Canada. The Canadian affiliate, Societe Generale (Canada) Inc., plans branches in Toronto, Calgary and Vancouver by the year end.

The company already has a leasing company jointly owned with the Banque Canadienne Nationale, Montreal. The French bank said that the prospect of participating in large-scale projects such as the Alaska Highway Gas Pipeline had led it to expand its Canadian operations. The Canadian subsidiary will apply for full banking status once the new Bank Act is passed. It is buying out BNC's interest in the leasing company.

The Canadian affiliate now has assets of around Canadian \$100m. In its expanded operation, it will not compete in retail banking but will concentrate on offering a full range of services to the corporate clients, including leasing, loans and project financing, with the emphasis on mining and energy projects.

A new willingness to talk and to become involved in industry affairs — even to comment obliquely on the volatile Quebec political scene — has been taken as a sign that the bank is preparing to do in this regard dating back to 1972 when it decided to close down a sulphite pulp mill in Temiscaming at a cost of several hundred jobs.

The Quebec government of the day had to come to the mill's rescue, which, through a fortunate series of events, turned out to be successful. But why couldn't CIP have done it, if an outside group could? And why is it now so keen to break out into the open, in a dispute with former employees over ownership of wood pre-

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If the company is going to go public, even a few years down the road, it should be more visible and should develop a set of relationships in the investment community and media.

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CANADIAN INTERNATIONAL PAPER

Coming in from the cold

BY A SPECIAL CORRESPONDENT IN TORONTO

LONG REGARDED as the nearly invisible giant of the Canadian forest products industry, Canadian International Paper, of Montreal seems to be emerging from its self-enforced exile from industry activities, en route to a new identity as a full-fledged corporate citizen of Quebec.

CIP has been described as the largest forest products company in the world that does not disclose its production figures, its sales volume or earnings. The giant subsidiary of International Paper of New York, the world's number one paper company, is believed to have sales in the vicinity of \$750m a year.

It is not unusual for the Canadian subsidiaries of U.S. corporations to keep their figures to themselves, and sales and earnings are generally lumped in with those of the parent.

CIP has been different in that its officers have not been publicly involved in industry affairs, and the company itself has kept aloof from the media and financial analysts.

The Montreal publication, Canadian Paper Analyst, said that "concern, sometimes bordering on paranoia, about U.S. anti-trust laws, seems to afflict CIP and its subsidiaries, and this restricts its involvement in Canadian industry affairs."

A new willingness to talk and to become involved in industry affairs — even to comment obliquely on the volatile Quebec political scene — has been taken as a sign that the bank is preparing to do in this regard dating back to 1972 when it decided to close down a sulphite pulp mill in Temiscaming at a cost of several hundred jobs.

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NJ casino off to a flying start

BY DAVID LASCELLES

NEW YORK, June 6.

AS IF ANYONE doubted it would, the first legal casino in the U.S. outside the State of Nevada which opened in Atlantic City, New Jersey, ten days ago, made a sizable "win" of nearly \$1m a day during its first six days of operation.

According to a report to the State Casino Control Commission by the casino's owner, Resorts International, the brand new facility raked in over \$2.5m in the period—\$1.5m of it from slot machines and the rest from gaming and roulette tables.

This is considerably more than the annual revenue of some \$100m, which had been widely projected for the casino. But the period covered by the report included the hectic opening week-end when people queued several hours to get in to try their luck. There was also the Memorial Day bank holiday which brought extra business.

Net "win" represents the company's gross revenues from gaming operations before costs and tax. But in addition, Resorts International will have been making money out of the other services it provides at the casino, such as catering, accommodation, and car parking.

In short, Resorts stands to earn a good return on its \$80m investment, which was only made possible by the State of New Jersey's decision to become the second State after Nevada to permit casino gambling.

Resorts was so quick to the mark that it will be up to a year before any of the competition's gross revenues from gaming operations before costs and tax. But in addition, Resorts International will have been making money out of the other services it provides at the casino, such as catering, accommodation, and car parking.

In its 266-page rebuttal, which was submitted to the SEC, the standards board said that its staff had analysed disclosures about the impact of its Statement No. 19 that were included in the financial statements of 294 companies, as required by the SEC.

However, West Germans look for a more stable dollar before increasing the capital needed for exploration efforts.

As a result, the opponents assert, they would be prevented from raising the capital needed for exploration efforts.

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In short, Resorts stands to earn a good return on its \$80m investment, which was only made possible by the State of New Jersey's decision to become the second State after Nevada to permit casino gambling.

Resorts was so quick to the mark that it will be up to a year before any of the competition's gross revenues from gaming operations before costs and tax. But in addition, Resorts International will have been making money out of the other services it provides at the casino, such as catering, accommodation, and car parking.

In its 266-page rebuttal, which was submitted to the SEC, the standards board said that its staff had analysed disclosures about the impact of its Statement No. 19 that were included in the financial statements of 294 companies, as required by the SEC.

However, West Germans look for a more stable dollar before increasing the capital needed for exploration efforts.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

Massey-Ferguson reduces labour force in France

BY DAVID WHITE

PARIS, June 6.

MORE THAN 10 per cent of the workforce in Massey-Ferguson's French factories are being made redundant because of continuing losses and the failure of the European market to pick up as had been hoped, in the hope of a market recovery. In that time, its stock of tractors at Beauvais built up to 2,400. Over the past three years, Massey-Ferguson's French operation has made losses totalling FF124m (\$30.5m). Its turnover in the last financial year was FF1.9bn.

Production at Beauvais last year was slightly below normal levels at 28,000 tractors and 16,000 tractor bodies for completion at plants in Detroit and Coventry.

The export market accounts for 56 per cent of Massey-Ferguson's French turnover—including machines made elsewhere and sold through the French offshoot—and for about two-thirds of the production at the two French factories.

French-made Massey-Ferguson tractors and harvesters are sold in West Germany, Italy, Belgium and Holland.

Massey-Ferguson is responsible for about 65 per cent of French exports of tractors and combine harvesters. The company expressed hope that the labour cuts would set it back on its feet, and it is expecting the Canadian parent to boost its FF140m capital, though the amount of the increase has yet to be decided.

Prospects for a recovery in the company's market this year, however, appear remote.

Bad debts cost Migros \$13.5m

BY JOHN WICKS

ZURICH, June 6.

MIGROS BANK, the banking will pay an unchanged dividend of 5 per cent.

Bank chairman Albin Halimann writes in the Migros Bank annual report that the bank continued to develop well in 1977, apart from the Kueferli loss.

Meanwhile, it is reported that the Migros-Federated, as sole shareholder of the bank, has met gross operating earnings of the bank's increase in net profits to 1.1m Swiss francs (1.1m) from 1.0m in 1976. The bank's net profit was 1.1m Swiss francs (1.1m) from 1.0m in 1976.

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V & D to buy Sims assets

BY CHARLES BATCHELOR

AMSTERDAM, June 6.

HOLLAND'S largest retail chain, integrated into Elsevier's own retail operation while talks are continuing with potential purchasers of the stores in Tilburg, and assets of Sims, retailing venture of four firms: Elsevier, W. H. Smith and Co., and Dutch publishing group, Elsevier.

The privately-owned V & D group will take over the losses of four Sims stores in Amsterdam, Utrecht, Arnhem and Eindhoven. It will also acquire Sims' stock and take on about 70 Sims staff in similar jobs in its own stores. V & D said it does not expect to be taking over the four stores in its next month.

Sims Enschede store will be the year ended January 31, 1977.

Anglovaal Group

Declaration of Dividends—Mining Companies

Dividends have been declared payable to holders of ordinary shares registered in the books of the undermentioned companies at the close of business on 28 June 1978. The dividends are declared in the currency of the Republic of South Africa. Payments from London will be made in United Kingdom currency and the date for determining the rate of exchange at which the currency of the Republic will be converted into United Kingdom currency will be 28 June 1978, or such other date as set out in the conditions subject to which the dividends are paid. These conditions can be inspected at the registered office or office of the London Secretaries of the companies. Warrants in payment of the dividends will be posted on or about 2 August 1978. The transfer books and registers of members of the companies will be closed from 24 to 30 June 1978, both days inclusive. All companies mentioned are incorporated in the Republic of South Africa.

NAME OF COMPANY	Dividend declared	Total dividend	Notes
	Number	cents per share	
Anglovaal Consolidated	56	25	35
Anglovaal Consolidated	41	175	250
Anglovaal Consolidated	12	28.5	41.5

By order of the Board: Anglovaal Consolidated, INVESTMENT COMPANY, LIMITED. Secretaries: E. G. D. GORDON. Registered Office: Anglovaal House, 55 Main Street, Johannesburg. London Secretaries: Anglovaal Trustees Limited, 295 Regent Street, London W1R 8ST.

6 June 1978

The Bank of Tokyo, Ltd.

Negotiable Floating Rate U.S. Dollar
Certificates of Deposit
Series D—Maturity date
9 December 1980



In accordance with the provisions of the Certificates of Deposit notice is hereby given that for the six month interest period from 7 June 1978 to 7 December 1978 the Certificates will carry an interest rate of 8 1/4% per annum.

Agent Bank
The Chase Manhattan Bank, N.A.,
London.

DG Bank explains mix-up over CD issue

By Mary Campbell

IN clarification of reports about its abortive issue of D-Mark denominated certificates of deposit (CDs) in New York, Deutsche Genossenschaftsbank (DG Bank) said yesterday that the sale of CDs to two purchasers in the U.S. resulted from a misunderstanding with Salomon Brothers, the New York investment bank through whom the planned sale would have taken place.

The CDs for which sales had been agreed by Salomon were withdrawn following an intimation from the Bundesbank that it would not favour the deal. Salomon Brothers' understanding, according to DG Bank, was that approval had been obtained earlier.

It seems that it might have formed this view from the fact that Dr. Poehl of the Bundesbank is also on the board of DG Bank. But DG Bank points out, Dr. Poehl is on the non-executive board—which one would not expect to have been consulted about the prospective issue—rather than on the executive board.

Further, it says, Dr. Poehl is not the person in the Bundesbank with responsibility for such a subject.

DG Bank says that while the Bundesbank does not have the legal right to forbid the issue of CDs by German banks abroad, it would not have considered making the issue against the Bundesbank's wishes.

Still gloomy at Hoechst

BY OUR FINANCIAL STAFF

LITTLE CHANGE in the underlying trend of weak demand was the main message for Hoechst shareholders yesterday at the German chemical company's annual general meeting.

After three months of 1978, group sales were slightly ahead with parent company turnover 6.2 per cent lower; after five months Hoechst is managing to more or less maintain its first-quarter position at the group level, but the sales downturn at the parent has shaded to a decline of 5.2 per cent.

Baloise Holding increases dividend

BY OUR OWN CORRESPONDENT

ZURICH, June 6

SWISS INSURANCE concern Baloise Holding of Basle, recommends payment of an increased dividend of SwFr14 (12) for the business year ended March 31, following a rise in net profits to SwFr73.6m (\$3.6m) from SwFr64.5m for the period.

The dividend of The Baloise Insurance Company, one of the holding company's life insurance subsidiaries, is also going up from SwFr12 to SwFr14 for last year, while that of The Baloise Life Insurance Company will remain unchanged at SwFr7 per share.

Norchatel Swiss General Insurance Company and its life assurance affiliate La Neuchâtel, Cie D'Assurances sur la Vie are paying unchanged dividends of SwFr14 and SwFr10 per share. Premium income rose to a gross SwFr136.5m for the year.

The new shares and the bonus shares rank fully for dividend for the financial year 1978/79 and subsequent years and shall in all other respects rank pari passu with the old shares.

The scrip for new shares and bonus shares will later be exchanged for shares according to a separate announcement.

The Board of Directors

AUSTRIAN COMPANY NEWS

Steyr-Daimler-Puch off to good start

BY PAUL LENDVAY

VIENNA, June 6.

THE PROSPECT of satisfactory profits this year following a sharp increase in first quarter sales comes from Steyr-Daimler-Puch, the largest private industrial entity in Austria.

Sales during the first three months of 1978 are 17 per cent ahead at Sch 2.7bn (\$1.8m), which compares with growth for the whole of last year of 9 per cent. The motor manufacturer, which is controlled by Creditanstalt Austria's largest bank, says that growing demand for new products suggests that profits overall this year will again be satisfactory.

The company has recently been giving an insight into its overseas ambitions. These include joint ventures in Nigeria, Poland and Greece as well as the production of a cross-country vehicle together with West Germany's Daimler-Benz. At the same time Steyr is apparently in talks with Lancia of Italy about possible assembly project in Austria.

This year the Nigerian plant will turn out 1,800 lorries under Steyr licence, while deliveries and licence arrangements agreed

Austrian Airlines boosts traffic

BY OUR OWN CORRESPONDENT

VIENNA, June 6.

AFTER A RECORD performance in 1977, Austrian Airlines (AUA) experienced a further 8 per cent increase in passengers in the first quarter of this year to 333,000 and one of 23 per cent in turnover of its charter operations.

The company, which began operations only 20 years ago, said in its annual report that passenger traffic in 1977 was up by 7 per cent to 1.4m. The average load factor rose by 1.4 per cent to 50.5 per cent, while net profit was up by Sch 9m to Sch 34.7m (\$2.3m). Including carry-forward of Sch 33.5m, earnings reach Sch 68.6m.

AUA is proposing an unchanged dividend of 4 per cent and a bonus of 4 per cent (same). The balance sheet total was up by Sch 151m to Sch 2.88bn. Operating revenues from scheduled flights were up by 10.7 per cent to Sch 1.77bn. The while income from charter operations rose by 15 per cent, from freight by 12.6 per cent.

During the last five years, since emerging from a period of heavy losses, the company has achieved a foreign exchange surplus of Sch 1.5bn. The airline plans to invest some Sch 1bn between 1974 and 1979.

The enlargement of AUA's fleet has been followed by more frequent flights to Athens, Istanbul, Cairo, Salonika and Sofia. With its new office in Cairo, AUA now operates 34 offices in 28 countries.

Spanish utility raising \$148m

BY FRANCIS GHILES

FUERZAS Electricas de Cataluña, a private Spanish company, is raising one of the largest loans in Europe by a private company in Spain.

This loan also includes a feature increasingly found in loans to certain borrowers—a yen tranche.

The electric utility company is raising \$148m in a three-tranche loan, through a group of banks coordinated by Chase Manhattan Ltd. A \$70m tranche will be in the form of a syndicated loan for eight years with a three-year grace period. It will carry a split spread of 1 per cent for four years rising to 1 1/2 per cent.

A \$10m tranche will be in the form of a fixed-interest (9 1/2 per cent) seven-year loan with a three-year grace period. The third tranche is in the form of a \$16m fixed-interest rate (7 1/2 per cent) ten-year loan, again with a three-year grace period. The two fixed-interest rate tranches will be provided by Japanese banks with Nippon Credit Bank in overall charge of this side of the whole operation. The loan overall carries no guarantee.

A series of unguaranteed loans are currently being raised by South Korean companies. Hankuk Glass Company is raising \$32m for eight years on a spread of 1 1/2 per cent through a group of banks led by Bank of America Asia Ltd.

Meanwhile Samsung Heavy Industries is raising \$12m through a group of banks led by Citicorp also acting as agent.

Qatar Steel has just signed a \$100m 10-year loan arranged by a group of banks led by Chase Manhattan Ltd. Terms include a split spread of 3 per cent for the first four years rising to 3 1/2 per cent for the remaining six years.

The \$60m 10-year medium-term loan to Iceland, the largest ever loan raised by that country, has just been signed. The borrower is paying a spread of 1 1/2 per cent over the interbank rate for this loan.

which has been arranged by Hambros Bank, Canadian Imperial Bank of Commerce and Mitsui Finance Asia.

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Multinationals and the New Order

MULTINATIONAL companies around the world have been under constant pressure for years now, ever since changing economic and political conditions—especially in Third World countries since the 1960s—have prompted the call for a New International Economic Order. Criticised, investigated and progressively constrained, they have emerged with a persecution complex as the whipping boys of governments. Understandably they have become defensive. It is easy to understand their hostility towards the latest body to take an interest in their affairs, the United Nations. The UN Commission on Transnational Corporations, an inter-governmental subsidiary of the UN Economic and Social Council, recently met in Vienna. If the volume of paperwork to enforce is anything to go by, some progress has been made towards creating a new international regulatory framework.

The Commission does not have far to go before recommending a Code of Conduct as well as action against corrupt practices.

It has agreed to the establishment of an inter-governmental body to continue the work of a group of experts on formulating international standards of reporting and accounting. These include minimum requirements for financial and "social" disclosure in annual reports which go beyond current practice even of the U.S.

The Commission is also preparing itself to establish a comprehensive information system on multinationals (to include a database) whose interests will be tailored to the needs of host countries. All these preoccupations will, in the fullness of time, have a direct effect on the activities of multinationals. If agree-

ment is reached, member governments of the UN will be asked to implement the recommendations, possibly through national legislation. While the multinationals might feel besieged, this has apparently not affected their growth in recent years. According to the latest UN study on the subject, direct investment by multinationals in foreign countries increased by 80 per cent to \$257bn between 1971 and 1976. Nearly 75 per cent of this capital investment is concentrated in developed countries and that proportion has been growing in recent years. Even the remaining one quarter in developing nations is increasingly in the more industrialised countries which, the report states, underlines the limited role which multinationals have played so far in helping the growth of developing countries.

Benefits

Against this background, the UN is trying to draw up an acceptable set of rules for all the parties concerned. Through the Economic and Social Council, the UN set up the Commission on Transnational Corporations in 1974. A 45-member body, it was established to promote understanding of the international impact of multinationals and to secure effective international arrangements aimed at increasing the benefits to multinationals and helping countries to develop.

Perhaps the most controversial—and important—aspect of the Commission's work so far has been the progress made towards drawing up an international set of standards for reporting and accounting. It is this—and the Commission's interest in bringing a minimum disclosure rules for both financial and "social"

aspects of reporting and accounting—that has incited the wrath of multinationals. They generally described most of the proposals as unnecessary and discriminatory. They are fighting back through the International Chamber of Commerce (ICC) and other lobbying bodies. But the Vienna conference endorsed the work done so far and then took the process one step further. It recommended that a new body, an ad hoc inter-governmental group, should continue the work in hand. Some delegates have privately suggested that some sort of international guidelines could be ready for implementation by 1980.

This recommendation was not received without misgivings. Some delegations, particularly the U.S., doubted whether a new high level subsidiary body was necessary bearing in mind the great practical difficulties and limited progress achieved so far.

The ICC, in its reply, believed it would be unwise to convene an inter-governmental working group of experts. It would have preferred to have seen a more evolutionary approach.

It believed that the UN should set rules for corporate disclosure only after the development of basic accounting standards. The ICC recommended that established non-governmental professional bodies, such as the International Accounting Standards Committee, should be urged to continue and accelerate their work on the harmonisation of accounting standards.

The ICC's recommendation is, meanwhile, a reminder of the number of other bodies now homing in on auditing, reporting and accounting, including the European Economic Community, the OECD and several national

governments. They are all making life more difficult for multinationals, but the multiplicity and confusion of their efforts does not seem likely to deter the UN.

Mr. N. T. Wang, head of the information analysis division of the UN Centre on Transnational Corporations, said that only politicians had the power to make changes of the magnitude suggested. Clearly, then, the UN was the only forum suitable for dealing with multinationals. The new information system to gather data about multinationals is just as contentious an issue for multinationals as that of reporting and accounting.

As part of its task, this system will focus on the collection and analysis of policies, laws and regulations pertaining to multinationals. It will analyse the role of multinationals in specific industries. It will also catalogue general and detailed information on a wide range of subjects as well as contracts and agreements with host countries.

Again, multinationals have cried "rape," fearing, among other things, that they will be forced to release confidential information and once handed over, the information will be distorted.

The ICC says that the only valid sources should be the multinationals' own published material and information issued by governments or inter-governmental bodies.

While welcoming the commission's view that it would be improper to include information which the source wishes to keep confidential, the ICC considered it essential that multinationals have clear access to the data collected on them. Also, multinationals should be given the opportunity to comment on the accuracy or reliability of information before it is released.

But the Communist-dominated World Federation of Trade Unions argued in a conference paper that the system should be treated as a public service, in principle accessible without any restriction, to the broadest possible range of clients, including individuals, organisations and institutions.

However, the Commission did not commit itself on the question of whether multinationals will be allowed to verify the data collected on them. It recognised the usefulness of wide dissemination and recommended that the information should also be made available to non-governmental groups such as trade unions and universities.

Political

The Commission then dwelled on its efforts to formulate a Code of Conduct for the activities of multinationals. Among the more controversial aspects are probable declarations on non-interference in internal political affairs of host countries, nationalisation and compensation.

The Commission decided to speed up its work in these fields. The inter-governmental working group looking into the problem said it should be able to finalise the discussion of tentative formulations at its next meeting. It is now expected that a draft code could be ready by the spring of 1979.

Also, the conference heard from its inter-governmental group looking into the problem of corrupt practices, particularly illicit payments in international commercial transactions. A draft convention should be finalised later this month.

Certainly all these issues, particularly the reporting and

accounting developments and the establishment of a comprehensive information system, are eventually going to have far-reaching effects on companies. The UN Commission on Transnational Corporations has taken the bit between its teeth, and it is determined to carry out its mandate—even if it hurts.

Multinationals would do well to realise that the UN—ineffective as it might appear at times in the political arena—has the power to influence their lives. So far, apart from the contentious Southern African issue, agreement has been reached by consensus on every issue—and it seems likely that this pattern will continue.

However, it would not be unfair to suggest that if multinationals are being asked to come clean about their activities, the UN, for its part, should be equally frank. If its proposals come to fruition, multinationals are going to feel very exposed and vulnerable.

It will undoubtedly make matters worse if no way is found to overcome their concern about verification of facts fed into the UN's database, which could be subject to adjustment in order to make them comparable. In the words of the ICC, "leaving it to the sole judgment of the Centre (on Transnational Corporations) whether to verify information imposes an element of arbitrary discretion and thus creates a legal uncertainty."

UN officials are known to be against giving multinationals the right to dispute the validity or accuracy of information once it has passed to them, arguing that it would be administratively impractical.

The Vienna conference did not commit itself on the question of verification. It might have been politic if it had.

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PRIMROSE INDUSTRIAL HOLDINGS LIMITED

Announcement to Shareholders

With reference to the announcement on 5 May 1978 that agreement had been reached in principle for the purchase of Aloe Minerals (Proprietary) Limited, subject to certain conditions precedent, the Board of Primrose announces that within the time allowed by the vendors it has not been able to satisfy itself in full regarding these conditions precedent. It has consequently decided not to proceed with this acquisition.

On behalf of the Board
A. R. KEMP
Executive Chairman
D. J. GEVISSER
Managing Director

5th June 1978

مكتبة الأصيل

هكذا من الأصل

This announcement appears as a matter of record only.

FINANCIAL TIMES AND COMPANY NEWS

SOUTH AFRICAN COMPANIES

Further merger moves at Bankorp

BY RICHARD ROLFE

BANKORP, THE bank holding company of the Sanlam Insurance group, has taken further steps to rationalise its banking interests. These were swelled a year ago by the reverse takeover of Trust Bank, which has been progressively digested in the meantime. Having recently acquired the small Santambank another of Sanlam's "trade investments", Bankorp is to merge Santambank with another wholly-owned subsidiary, Credit Bank. The combined group will have assets totalling R800m, a staff of 1,600 and 80 branches,

and will be the sixth largest bank in South Africa. Steps leading up to this latest development began two years ago when Credit Bank was created out of the merger of two smaller banks, Sasbank and Federal Bank, while last year, Bank of Johannesburg was also merged with Credit Bank. But Credit Bank management said yesterday, "experienced problems with the application of its name, which never really caught on. Thus with Bankorp's acquisition of Santambank, a well-known name, the opportunity was taken to drop Credit Bank

out of the marketing picture and to continue the cutback of the small banking groups which sprang up in the 1950s and 1960s. The prospect of a merger between Credit Bank, Santambank and Trust Bank has been widely aired, but thinking in Sanlam and Bankorp appears to favour running the enlarged Santambank group in competition with Trust Bank despite the fact that both are in the same stable. Bankorp's present plans involve putting both groups on, for example, shared computer facilities, but the possibility of subse-

quent more complete rationalisation cannot be excluded.

JOHANNESBURG, June 6.

Primrose Industrial, the South African brickmaker in which Tongaat, the sugar group, recently acquired a controlling interest, has abandoned its attempt, initiated during the battle for control, to acquire the anthracite producer Aloe Minerals as a diversification move. A statement recording termination of the negotiations says that although agreement had been reached in principle, Primrose had not been able, within the time stipulated by the vendors, Rembrandt Group, to satisfy itself as to certain conditions.

Primrose's managing director, Mr. David Gevisser, indicated today that his group had insufficient time to carry out the technical, financial and marketing problems involved. The deal, expected to cost R2.75m (\$3.16m), would have added 6 cents a share to Primrose's earnings.

Rembrandt acquired Aloe as a move into mining five years ago, before it took its big stake in Federale Mynbou, which controls the Afrikaner mining group, General Mining and also Union Corporation. Having put the "for sale" sign up on Aloe, market sources feel Rembrandt will now look for another buyer.

Caution at Utico over recovery

By Our Financial Staff

UTICO, the tobacco group in which BAT is the major shareholder, raised pre-tax income for the half-year to March 31 by 63 per cent to R2.95m (\$3.4m), from R1.81m in the same period of the previous year. Turnover, excluding excise duty rose by 2 per cent to R35.7 (\$4m) from R35.0m.

This follows a fall of some 28 per cent to R2.8m in pre-tax income for the year to September 30. The recovery in earnings, Utico says, is the result of its withdrawal from the confectionery business. The company says that the disposal of the confectionery business has been almost completed, and it expects that the final loss on the transaction will not vary materially from the R2.28m provided for in the 1977 accounts.

The Board forecasts, however, that because trading conditions continue to be difficult, profits for the second half will be lower. It considers that the return on funds remains too low—barely sufficient to finance working capital requirements and to provide for growth.

For this reason, there is again no interim dividend, and the Board warns that a final dividend (passed last year) should not be expected.

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Credit Suisse

Nippon European Bank S.A.

Swiss Bank Corporation

Agent Bank

Credit Suisse

Higher income for Metal Box

BY OUR OWN CORRESPONDENT

JOHANNESBURG, June 6.

METAL BOX South Africa, 53.5 per cent owned by Metal Box UK, has reported an improvement in net operating income for the year to March 31. It indicates, however, that this increase has mainly been contributed by its new subsidiary, Metal Rollings, which has been included for nine months.

Turnover rose from R156m to R188m (\$194m), and net operating income from R10.9m to R13.3m (\$15.3m). After allowing for other items, such as reduced net interest paid, higher preference dividends following last year's issue of convertible preference shares, and a slightly higher tax rate, attributable income rose from R3.2m to R6.5m. Earnings per share are 0.4 cents up at 25.9 cents but this figure is based on the weighted average number of ordinary shares in issue, up from 20.3m to 24.9m. The dividend has been maintained at 22 cents, putting the shares at 260 cents on a yield of 8.5 per cent, at which price they are also in line with the conversion terms on last year's convertible preference share issue.

Sales at Metal Box itself showed marginal growth in value terms, but fell in volume terms. Reduced fishing quotas in south-west Africa depressed sales by the group's Walvis Bay subsidiary, which ran at a loss of R0.7m over the year. This was less than the R1m loss the group earlier anticipated and in addition can now be offset against South African profits. The change here is due to the constitutional quirk that Walvis Bay has been reabsorbed into South Africa for administrative purposes. In the past, Walvis Bay operations of South African companies were classified as foreign, and in terms of South African law, losses in foreign companies cannot be offset against domestic profits.

Fishing problems aside, Metal Box should respond to any improvement in the local economy, with its strong consumer orientation, while there are plans to diversify the Walvis Bay plant away from fishing cans. Dividend policy remains to pay out 55 per cent of earnings, which have been stated on an LIFO basis since April 1976, so that

the dividend is not as imperilled as it looks at first sight by the low level of earnings cover. Meanwhile, Wong Sulong writes from Kuala Lumpur that Metal Box Malaysia has reported a 25 per cent rise in pre-tax profits to 6.4m ringgits (U.S.\$ 2.7m) for the year to March, and is paying a final dividend of 13 per cent, bringing the total for the year to 18 per cent, against 15 per cent the year before.

Sales rose by 7.5 per cent to 52m ringgits (U.S.\$ 22m), and the company said that gains from production and cost economies were reflected in the profit. The company's second-half performance did not match that of the first-half, mainly, it said, because of lower sales of products with higher profit margins and the effects of inflation.

Pre-tax profit for the first half was 3.65m ringgits. The British parent company holds 52.4 per cent of the shares of Metal Box Malaysia, while 19 per cent are held by Singapore residents and the rest by Malaysians.

Uncertain outlook at United Plantations

BY WONG SULONG

KUALA LUMPUR, June 6.

AFTER ACHIEVING a record profit of 26.8m ringgits (U.S.\$11.3m) before tax last year, United Plantations, the Danish palm oil group in Malaysia, sees a period of uncertainty ahead in view of increasing competition for palm oil from other fats.

Unlike Kuala Lumpur-Kepong, which sees a "good chance" of repeating its record performance of last year, United Plantations chairman, Mr. W. O. Grut, says in his annual report that the present high price for palm oil was unexpected, and contrary to long-term forecasts. The present, tight market for palm oil in the Malaysian market appeared to be temporary because of the decline in output

due to the drought. Indications are that there will be a larger than expected surplus of soyabean in the second half of the year, with greater planting by the U.S., Brazil and Argentina. Oil from sunflower, groundnut and cotton seeds are also expected to increase.

Mr. Grut disclosed that discussions are underway for Unitata, the giant palm oil refinery in

South Perak, to go public. Unitata is a 50-50 joint venture between United Plantations and That Oil Mills of Bombay. Preliminary results showed Unitata making a profit of 11m ringgits last year on a turnover of 164m ringgits. This does not include 4.2m ringgits in unfilled contracts, some of which are expected to be recorded in due course.

Sime Darby development

BY OUR OWN CORRESPONDENT KUALA LUMPUR, June 6.

SIME DARBY Holdings, which recently returned ownership of the Orchard Towers complex in Singapore in a deal with Golden Bay Realty, has announced that it will build a seven-storey factory on the island republic for 17m ringgits (U.S.\$7m).

Work on the project, which will provide 235,000 sq ft of industrial and showroom space, just outside the central business district, will start next month, and the building is expected to be ready for occupation within 21 months. Units of varying size are to be offered for sale.

The two-acre site was formerly occupied by Singapore Steam Laundry, a Sime subsidiary.

that through a U.S. subsidiary, it has agreed conditionally to acquire the business and certain assets of J.S. Cornell Corporation, a privately-held U.S. rubber trader based in New Jersey. The net cost will be U.S.\$292,000, plus an additional amount to reflect inventory acquired since March 1. In addition, Sime has agreed to assume certain liabilities.

Cornell has a turnover of U.S.\$25m. It will, it is said, complement the group's marketing operations in Kuala Lumpur and London and increase access to the world's largest rubber-consuming market. It will also provide a base on which to expand Sime Darby's U.S. trading in other commodities.

Jardine Matheson deal

BY ANTHONY ROWLEY

HONG KONG, June 6.

Jardine Matheson has made a further payment of U.S.\$35m to the equity holding in its Saudi Arabian associate, Trans Arab Gulf Company Inc., up from 25 to 40 per cent.

The Transport and Trading group is involved in activities such as car sales, other consumer-product marketing and transportation. TTI contributed 6 per cent of Jardine's earnings in 1977. This latest payment is in line with the original agreement whereby Jardine would increase its stake in TTI as certain profit levels were achieved.

Meanwhile, Jardine Matheson and Co. (Singapore, Asia) has announced that underwriting has begun, in respect of some \$538.18m of 84 per cent guaranteed unsecured loan stock to over \$1450m. Earnings per share rose to 100 per cent. (65 cents) in 1976. The bank intends to raise shortly \$1450m by a flotation intended that the loan stock will

be allotted to minority shareholders of JM(SEA) in connection for the cancellation of the ordinary shares of JM(SEA), which they hold, on the basis of \$2.90 nominal of the loan stock for each cancelled ordinary share.

Bank Adanim plans flotation

By L. Danie

TEL AVIV, June 6. BANK ADANIM—One of Israel's smaller mortgage banks—reports that its after-tax profit for 1977 rose by 54 per cent to \$15.5m (U.S.\$320,000), while its balance sheet total grew by 42 per cent to \$145m. Earnings per share came to 100 per cent. (65 cents) in 1976. The bank intends to raise shortly \$1450m by a flotation intended that the loan stock will

NatWest Registrars Department

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Maryland



All these securities having been sold, this advertisement appears as a matter of record only.

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Swiss Bank Corporation (Overseas)

Al Saudi Banque	Alahli Bank of Kuwait (K.S.C.)	A.E. Ames & Co.	Amex Bank	Amsterdam-Rotterdam Bank N.V.
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Banca Nazionale del Lavoro	Banca della Svizzera Italiana	Banco di Roma	Banco di Santo Spirito	Banco Urquijo-Hispano Americano Ltd.
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Bank Gutzwiller, Kurz, Buegenor (Overseas)	Bank Leu International Ltd.	Bank Mess & Hope NV	Bankhaus Hermann Lampe Kommanditgesellschaft	
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Banque Internationale à Luxembourg S.A.	Banque Louis-Dreyfus	Banque Nationale de Paris	Banque de Neufilze, Schumberger, Mallet	
Banque de Paris et des Pays-Bas (Suisse) S.A.	Banque Populaire Suisse S.A. Luxembourg	Banque Privée S.A.	Banque Rothschild	
Banque de la Société Financière Européenne	Banque de l'Union Européenne	Banque Vernes et Commerciale de Paris	Banque Worms	
Barclays, Kol & Co. N.V.	Baring Brothers & Co.	Bayerische Hypotheken- und Wechsel-Bank	Bayerische Landesbank	Bayerische Vereinsbank
Joh. Berenberg, Gossler & Co.	Bergan Bank	Berliner Handels- und Frankfurter Bank	Burgan Bank S.A.K.	Caisse des Dépôts et Consignations
Cazenove & Co.	Christiana Bank og Kreditkasse	Commerzbank	Campagna Monégasque de Banque	County Bank
Crédit Industriel d'Alsace et de Lorraine	Crédit Industriel et Commercial	Crédit Lyonnais	Crédit du Nord	Credito Italiano
Richard Daus & Co. Bankiers	Den Danske Bank	Den norske Creditbank	Deutsche Girozentrale	DG BANK
Dillon, Read Overseas Corporation	Dominion Securities	Dresdner Bank	Drexel Burnham Lambert	Eurobank
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Kreditbank (Suisse) S.A.	Kuhn Loeb Lehman Brothers International	Kuwait Financial Centre S.A.K.		
Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)	Kuwait International Finance Co. S.A.K. 'KIFCO'	Kuwait International Investment Co. s.a.k.		
Kuwait Investment Company (S.A.K.)	Landesbank Schleswig-Holstein Girozentrale	Lazard Frères et Cie	Lloyds Bank International	
Loeb Rhoades, Hornblower International	McLeod, Young, Weir International	Merrill Lynch International & Co.	B. Metzler seel. Sohn & Co.	
Samuel Montagu & Co.	Morgan Grenfell & Co.	Morgan Stanley International	National Bank of Abu Dhabi	
The National Bank of Kuwait S.A.K.	Nederlandsche Middenstandsbank N.V.	Nederlandse Creditbank N.V.	Neue Bank	
The Nikko Securities Co. (Europe) Ltd.	Nomura Europe N.V.	Norddeutsche Landesbank	Nordic Bank	Sal. Oppenheim jr. & Cie.
Orion Bank	Österreichische Länderbank	Paine Webber Jackson & Curtis	Peterbroeck, van Campenhouet, Kempen S.A.	
Pierson, Holding & Pierson N.V.	PKBanken	Postpankki	Privatbanken	Rothschild Bank AG
Salomon Brothers International	Sanwa Bank (Underwriters)	Sanyo Securities America Inc.	A. Sarasin & Cie.	
Saudi Arabian Investment Company Inc.	Scandinavian Bank	Schröder, Münchmeyer, Hengst & Co.	J. Henry Schroder Wagg & Co.	
Schweizerische Hypotheken- und Handelsbank	Sharjah Group Trust N.V.	Scandinaviska Enskilda Banken	Smith Barney, Harris Upham & Co.	
Société Bancaire Barclays (Suisse) S.A.	Société Générale	Société Générale de Banque S.A.	Société Générale Alsacienne de Banque	
Société Privée de Gestion Financière	Société Séquanaise de Banque	Strauss, Turbault & Co.	Sumitomo Finance International	
Svenska Handelsbanken	Tokai Kyowa Morgan Grenfell	Trade Development Bank	Union Bank of Finland Ltd.	
Verband Schweizerischer Kantonalbanken	Verkehrs- und Westbank	J. Vontobel & Co.	M. M. Warburg-Brinckmann, Wirtz & Co.	
S. G. Warburg & Co. Ltd.	Wardley	Westdeutsche Landesbank	Wood Gundy	Yamaichi International (Europe)
		Girozentrale		

June 8, 1978

30th JUNE 1978 REDEMPTION PHILIPS INTERNATIONAL FINANCE S.A. U.S. \$30,000,000 6½% Loan 1979

REDEMPTION OF BONDS

Philips International Finance S.A. announces that for the redemption period ending on 30th June 1978 it has purchased and cancelled bonds of its above loan for U.S. \$4,600,000 nominal capital and tendered them to the Trustee.

The nominal amount of bonds to be drawn for redemption at par on 30th June 1978 to satisfy the company's current redemption obligation is accordingly U.S. \$4,600,000 and the nominal amount of this loan remaining outstanding after 30th June 1978 will be U.S. \$5,500,000.

DRAWING OF BONDS

Notice is accordingly hereby given that a drawing of bonds of the above loan took place on 6th May 1978 attended by Mr. Keith Francis Croft Esq. of the firm of John Venn & Sons, Notary Public, when 4,600 bonds for a total of U.S. \$4,600,000 nominal capital were drawn for redemption at par on 30th June 1978.

The following are the numbers of the bonds drawn:

1	13	21	25	28	31	34	37	38	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																											
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The above bonds may be presented for payment of the proceeds of redemption at par on or after 30th June 1978 at the offices of the paying agent named on the coupons in the manner specified in Condition 6 of the Terms and Conditions of the Loan printed on the reverse of the bonds. Each of these bonds when presented for redemption must bear the coupon dated 30th June 1978, otherwise the amount of the interest coupon will be determined by the principal to be repaid.

Principal Paying Agent: N. M. Rothschild & Sons Limited, New Court, St. Swin's Lane, London EC4P 4DU.

1st June 1978

APPOINTMENTS

Barclays chairman joins Royal Insurance Board

Mr. A. F. Tulke, chairman of Barclays Bank, has been appointed a director of ROYAL INSURANCE COMPANY.

Mr. Colin Keith has been appointed a non-executive director of WINSTON ESTATES.

Mr. G. D. Smith, a corporate finance director, MIDLAND BANK, has been appointed a regional director responsible for the Leeds region from September 1. He succeeds Mr. D. M. Corbett who retires at the end of August. Mr. L. R. Brown, Mr. E. D. McKay, assistant general manager (planning) will replace Mr. R. E. Hesket, who is retiring as regional director, Sheffield region.

The Secretary for Energy has appointed four extra members to his ADVISORY COUNCIL on RESEARCH AND DEVELOPMENT. They are: Professor Sir Hugh Ford, Dr. Gordon Fyfe, Professor Sir James Lightfoot and Mr. A. M. Muir. Changes on the council are Dr. F. Birks, succeeding Mr. M. Penfold, who has retired from the Council and Dr. A. R. W. Baddeley, in place of Dr. P. J. Agius, who has also retired from the Council.

Mr. William Walker has been appointed a non-executive director of WHATLINGS. Mr. Walker retired at the end of last year as general manager of the Royal Bank of Scotland.

Mr. George Savage, secretary of the Tayside Health Board, Dundee, has been elected president of the INSTITUTE OF HEALTH SERVICE ADMINISTRATORS. He succeeds Mr. J. TRAVERS, area administrator of the Warwickshire Area Health Authority.

From July 3, Norplant will become three separate companies: Norplant NOR Systems and Darley Business Forms. These will be in the print and packaging division of the NORCOR GROUP. Mr. Tony Warren, chief executive of the print and packaging division, will be chairman of the three concerns. Mr. Peter Jordan becomes managing director of Norplant, Mr. Maurice Wright, managing director of Darley Business Forms.

Mr. F.M. Osborn is to retire as chief executive of NORTHERN ROCK BUILDING SOCIETY at the end of this year. He will continue as deputy chairman and retain the role of chairman of the Council of the Society. Mr. Osborn has been a member of the Building Societies Association with a special interest in EEC developments. At the same time Mr. A. Rule, secretary and management director of the Society, will be appointed deputy chairman. Mr. Rule will be chairman of the next month. Mr. D. A. Gilchrist will be general manager and secretary. Assistant general managers will be Mr. Chapman (London), Mr. J. English (finance), Mr. P. C.

The Home Secretary has appointed SANDRA BROWN to

be a part-time member of the EQUAL OPPORTUNITIES COMMISSION. She works in production at Thames Television.

Mr. Michael Rothstein, sales manager, and Mr. Stanley Dawson, export manager, have been appointed to the Board of JAMES H. BAXTER AND SONS.

Mr. R. R. Higgins has been appointed to the NORWICH BREWERY as deputy managing director in charge of production, distribution and sales administration. Mr. Michael Dunthorne has been made sales director and Mr. Steven O'Garra, deputy sales director. Their appointments are at senior level.

Mr. J. Ferguson Smith, deputy managing director (civil) and chairman of the Westbury Bristol Development Group, has taken over responsibility for civil marketing strategy for the Bristol Development Group. Mr. J. Ferguson Smith is also managing director of the Bristol Development Group. Mr. J. Ferguson Smith is also managing director of the Bristol Development Group.

BOMAG (GREAT BRITAIN) has appointed Mr. Alan J. Ferris as deputy managing director. Mr. J. Ferris is also managing director of the Bristol Development Group.

Mr. D. M. Khalil has been appointed finance director of WOBURN STUDIOS.

Mr. J. A. Winter has been appointed chief executive of CAMREX (HOLDINGS). Mr. Alex G. Cameron has resigned as managing director. Mr. Winter is also managing director of the Bristol Development Group.

General Sir Jack Harman is to become Deputy Supreme Allied Commander in Europe in November to succeed General Sir Harry Harman who is retiring. The Ministry of Defence has announced that Sir Jack Harman is to be promoted to the rank of General at the Ministry of Defence.

Dr. A. J. W. Cameron has been appointed to the Board of CARRINGTON VITELLA. Mr. Cameron is also managing director of the Bristol Development Group.

PROVINCIAL BUILDING SOCIETY has made the following appointments from June 1. Mr. J. Mason, chief general manager, Mr. P. Clough, general manager (finance), Mr. G. W. Womack, general manager (administration), Mr. S. J. Cameron, general manager (development), Mr. L. Whiteley, assistant general manager (mortgages), and Mr. G. Thornton, assistant general manager (development).

COMPANY NOTICES

STANLEY ELECTRIC CO. LTD.

NOTICE TO HOLDERS OF EUROPEAN DEPOSIT RECEIPTS

Notifying holders of European Deposit Receipts of the company's annual general meeting on 15th June 1978. The meeting will be held at the company's registered office, 15, Abchurch Lane, London EC4N 3DF. The agenda includes the approval of the accounts for the year ended 31st March 1978, the appointment of directors and auditors, and the declaration of a dividend.

UNION DE BANQUES ARABES ET FRANCAISES

U.B.A.F.

US\$25,000,000 LOAN 1976/1981

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THE CHASE MANHATTAN BANK

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THE CHASE MANHATTAN BANK

NOTICE TO HOLDERS OF EUROPEAN DEPOSIT RECEIPTS

Notifying holders of European Deposit Receipts of the company's annual general meeting on 15th June 1978. The meeting will be held at the company's registered office, 15, Abchurch Lane, London EC4N 3DF. The agenda includes the approval of the accounts for the year ended 31st March 1978, the appointment of directors and auditors, and the declaration of a dividend.

UNION DE BANQUES ARABES ET FRANCAISES

U.B.A.F.

US\$25,000,000 LOAN 1976/1981

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UNION DE BANQUES ARABES ET FRANCAISES

FARMING AND RAW MATERIALS

Commission stalls on pigmeat ban

By Margaret van Hatten

BRUSSELS, June 6. THE EUROPEAN Commission has responded sympathetically to French requests for increased support for pigmeat producers, but has not said whether they will be met.

The French asked specifically for a ban on imports from non-Community countries, a re-introduction of subsidies for pigmeat held off the market in private cold stores, and for export refunds to be raised back to last year's levels.

The Commission has referred a decision on the two latter points to its pigmeat management committee which meets on June 12, and indicated today that it favours the requests.

However, the French request for an import ban which would curb soaring imports from East Germany, is almost certain to be refused. But if these imports are found to be entering the Community below the sub-subsidy price, it is suggested that other measures might be adopted to close the gap.

New rubber price pact talks planned

IPOH, MALAYSIA, June 6.

RUBBER CONSUMING countries will continue negotiations with producing countries in November for an agreement on international price stabilization. But the natural rubber, according to Mr. Paul Leong, deputy Primary Industries Minister, reports.

He said producing countries had drawn up a draft text of the agreement and expected a further preparatory meeting to be held in September in Geneva.

World natural rubber production rose by 30,000 tonnes to 3.5m tonnes in 1977, figures issued by the International Rubber Study Group. But consumption rose by 225,000 tonnes to 3.77m tonnes leading to a 135,000 tonnes decline in stocks to 1.43m tonnes.

Synthetic rubber production rose by 465,000 tonnes to 3.4m tonnes while consumption increased to 3.5m from 2.9m in 1976. Stocks at the end of December totalled 1.57m tonnes against 1.65m a year earlier.

Improve or perish, beet growers warned

BY HILARY BARNES

EUROPEAN sugar-beet growers were warned here today to sharpen their efficiency or perish at the hands of the manufacturers of substitute sweeteners.

The warning came from Mr. Stan Bichsel of the American Crystal Sugar Company, the biggest beet concern in the U.S.

He said the U.S. beet industry was struggling for survival against a highly efficient, high technology corn-sugar industry, which was becoming the dominant force in the U.S. food industry.

"The hour is later than you think," he warned a congress of European beet growers. "Increase the efficiency of your industry on the farm and in the factory or perish as an industry at the hands of those who are more efficient."

He said that corn syrup could be expected to capture 50 per cent of the U.S. market by 1990.

From 1980 corn sugar would be available on the market as a spray-dried granular product, able to penetrate the market areas where liquid sweeteners were not acceptable.

No natural boundary or tariff or taxation would suffice to stop the high technology of the corn-sugar industry. If beet growers wanted to ensure survival, they must seize the technological initiative themselves.

Mr. Henri Gayre, the EEC beet growers' leader, urged a hard line against isoglucose (corn syrup) sweeteners. "Europe, being a larger sugar exporter ought to ban any sugar production from starch. Every kilo of isoglucose or glucose expels quota sugar to the world market."

Isoglucose was last year subject to a 30 per cent levy, which effectively stopped the export of production. Output this year is expected to be about 110,000 tonnes.

The beet growers want the levy increased, and isoglucose

and glucose subjected to the same taxes and production restrictions as beet sugar.

Mr. Mayre was outlining a memorandum which the beet industry will soon submit to the Brussels Commission. He also called for a ban on all imports of sugar into the Common Market from non-member countries.

Addressing representatives of the EEC's 425,000 beet growers, he said the Community should join the International Sugar Agreement only on condition that allowance should be made for the EEC's sugar exporting capacity.

In addition to protecting the beet industry from imported sugar and alternative sweeteners, Mr. Gayre called for a massive campaign, financed by 1 per cent levy on sugar sales, to promote EEC sugar consumption, which has fallen from 10.3m tonnes in 1973-74 to 9.2m tonnes in 1977-78.

The campaign should include the "medical rehabilitation" of

sugar, against "unfounded" attacks by doctors and dieticians. When the Community production system is revised in 1980, the growers want a continuation of the national production quota system now in force.

Countries such as France, Germany, Denmark and Holland, want higher quotas. But other countries are not willing to give out quota shares, even when, as in the case of the UK, the full production quotas are not being utilised.

Mr. Gayre suggested a system of annual compensation for unutilised quotas to reconcile differences on this point.

Sugar imported from the Lomé countries was being re-exported with the help of EEC export subsidies costing 300m francs of account over the last year, according to Mr. Mayre.

The beet growers urged that from 1982, when Lomé sugar imports can be reviewed, the EEC should refuse to provide new delivery quotas.

But the EEC, they say, should give financial guarantees to assure the export price of sugar between the exporting and importing ACP (African, Caribbean, and Pacific) countries.

At present, said Mr. Mayre, the ACP countries overall import about 850,000 tonnes a year, but only 10,000 tonnes come from other ACP countries.

Mr. Reuter adds: Sugar could become a significant source of chemical and fuel products in the coming decades. Prof. August Vilhoj of Tate and Lyle, told the meeting.

He said sugar from beet and cane could become preferred to petrochemical extracts for producing specialty chemicals. This was because sugar was cheap, easily broken down by microbes, and acceptable to environmentalists.

As oil prices rose there was an increasing probability of alcohol being used to power cars, he added.

Cut forecast in international wool supplies

BY OUR COMMODITIES STAFF

WORLD SUPPLIES of wool available will be reduced in the forthcoming 1978-79 season, according to Mr. Alf Maiden, chairman of the Australian Wool Corporation, reports Reuter.

In a speech prepared for the International Wool Textile Organisation's annual conference in Munich, Mr. Maiden claimed that the small increase forecast for the Australian clip would not compensate for lower stocks in Australia and other exporting countries.

This was likely to be a major influence on the market, he said. Although prospects presented a mixed picture, the AWC believed the net effect of supply/demand interaction would be favourable for wool through most of the 1978-79 season.

In the longer term, one of the important factors influencing wool production is the expansion of the market for live sheep and sheep meats in the Middle East. The Government and the woolgrowers' organisation, the Australian Wool Industry Conference, will shortly discuss

permanent establishment of the "floor" price to provide a continuing base of stability for growers and users alike.

At present, the Government legislates to extend the scheme each season. Floor price levels for 1978-79 will be announced at the end of the current season, but Mr. Maiden has said the market indicator floor will not be less than the present 284 cents a kilo clean.

Meanwhile, the Australian Wool Corporation has agreed to price its foreign stocks in both Australian and U.S. dollars. Mr. Maiden said this will allow buying houses the flexibility of dual currency operations.

To back up this arrangement the AWC has continued to replenish its European stocks. Mr. Malcolm Vawser, general manager, marketing, of the AWC, said the Corporation's stockpile at 993,296 farm-equivalent bales on June 1, was below 1m bales for the first time in over 34 years. The stockpile, valued at \$88m, bales in October, 1975, and has declined steadily since.

Copper cut denied

BY JOHN EDWARDS, COMMODITIES EDITOR

SOUTHERN PERU Copper Corporation firmly denied rumours yesterday that it was planning to cut back deliveries by a force majeure declaration.

It confirmed that there was a shortfall in the usual supplies of cathodes from Minero Peru, causing delays and interruptions in shipments to Europe. But the company was operating normally and producing the normal amount of blister copper.

The London copper market had a quiet day yesterday, closing marginally higher. Other base metal values eased slightly.

Even zinc was lower despite a quick reaction by North American producers to follow the increase of 2 cents to 31 cents in the U.S. domestic zinc price.

Sharp fall in coffee market

By Richard Mooney

COFFEE PRICES fell sharply on the London futures market yesterday as dealers became convinced that the immediate danger of a serious Brazilian frost had passed.

The September position climbed to £1,980 a tonne at one stage but then slumped to £1,767 a tonne, £185.5 down on the previous close.

Market sources said the fall was mainly due to speculative profit-taking encouraged by reports of warmer weather in Brazil's coffee growing regions. Minimum overnight temperatures in the north of Parana, Brazil's main coffee growing area, on Monday night, were around 10 degrees centigrade.

But the market remains very nervous about the possibility of frost. The recent scare, which sent prices down to £1,300, came much earlier than usual and the danger will not be completely passed for another two months.

With the memory of the 1975 frost, which cut Brazil's coffee crop by three-quarters and pushed bean prices up to £2,400, still fresh in traders' minds, any news of lower temperatures can be expected to produce dramatic reactions in the market.

World cotton crop estimate lowered

WASHINGTON, June 6.

WORLD COTTON production this season is projected at 54.2m bales (478 lbs net weight) down from 62.2m forecast last month, but still above the 53.2m produced in 1976/77, the International Cotton Advisory Committee (ICAC) said here, reports Reuter.

Output in China is estimated at 12m bales, about 1m below earlier expectations and the 1976/77 harvest.

This reduction is reflected by China's continuing heavy purchases on international cotton markets. Aggregate Chinese imports could exceed 1.5m bales against 625,000 last season.

The near record world cotton output this season is expected to exceed anticipated consumption by about 3.25m bales, thus increasing stocks as at August 1 from the unusually low level of 20.2m bales a year earlier.

The Committee said the decrease in world consumption to 60.9m bales from 61.5m in the 1976/77 season will be concentrated principally in Western Europe and Japan.

The USSR is expected to use about 8.9m bales, 100,000 bales above the 1976/77 level, but consumption in other East European countries will generally remain unchanged.

In Memphis, Tennessee, meanwhile, Mr. Artie Bowling, U.S.

National Cotton Council economist, said U.S. cotton production could total 11.5m to 12.1m bales in 1978/79.

Exports should be reasonably close to this season's level, and domestic consumption should reach between 6.5m and 7m bales. This could result in a somewhat lower carryover than the 5.3m bales projected for the current season.

With this season's domestic consumption expected to be about 6.6m bales, total usage for the current crop will probably equal 11.9m bales, he added.

During April the average price of land reached £1.163 an acre

S. African sales up

BY BERNARD SIMON

JOHANNESBURG, June 6.

THE VALUE of the South African wool clip for the 1977/78 marketing season, which ended last week, was the second highest on record.

According to the Wool Board, 680,303 bales weighing 100.1m kilograms were sold during the season, realising R170m,

some R6m above earnings the previous year. A lower volume of exports, the decline in the value of the U.S. dollar, to which the South African rand is pegged, has maintained export earnings from raw and processed wools at last year's figure of about R180m.

A feature of the season, according to the Wool Board, was the high proportion of merino offerings sold at the Board's auctions.

Out of 700,088 bales on offer, 97 per cent were sold. In the case of karakul wool however, an average of only 80 per cent of the bales on offer were sold. In last week's auction only a third of the karakul available was bought.

Auction prices climbed steadily during most of the season. The average price realised for greasy wools was 167.58 cents per kg, about 2 cents per kg higher than the 1976/77 average.

At 295.21 cents per kg, the average price for clean wools was almost 3 per cent above the previous season's average.

Big jump in land prices

BY CHRISTOPHER PARKES

THE PRICE of farmland in South England has jumped more than 15 per cent in the first four months of the year, according to figures just published by the Ministry of Agriculture. Land is now almost 42 per cent dearer than a year ago.

And while prices have risen sharply, the amount of land up for sale has diminished equally.

During April the average price of land reached £1.163 an acre

PRICE CHANGES

Prices per tonne unless otherwise stated.

	June 6	+/-	Month
Metals			
Aluminium	£580	-	£580
Free market (cable)	579	-	579
Upper cash W.M.	579	-	579
Lower cash W.M.	579	-	579
Cash (cable)	579	-	579
5 months	579	-	579
3 months	579	-	579
Free Market (cable)	579	-	579
5 months	579	-	579
3 months	579	-	579
Free Market (cable)	579	-	579
5 months	579	-	579
3 months	579	-	579

U.S. Markets

NEW YORK, June 6.

PRECIOUS metals continued speculative liquidation following a stronger U.S. dollar. Copper closed lower, silver higher. Gold futures followed rumors of renewal of copper production in Zaire. Sugar eased on trade, coffee steady. Corn, soybeans, wheat and other grains were mixed. Oil prices were mixed. Wheat and corn futures were mixed. Soybean futures were mixed. Cotton futures were mixed. Sugar futures were mixed. Coffee futures were mixed. Grain futures were mixed. Oil futures were mixed. Metal futures were mixed. Rubber futures were mixed. Wool futures were mixed. Other futures were mixed.

This edition was printed before last night's American commodity prices were available.

1978, Feb. 1978, Apr. 1978, May 1978, Jun. 1978, Jul. 1978, Aug. 1978, Sep. 1978, Oct. 1978, Nov. 1978, Dec. 1978, Jan. 1979, Feb. 1979, Mar. 1979, Apr. 1979, May 1979, Jun. 1979, Jul. 1979, Aug. 1979, Sep. 1979, Oct. 1979, Nov. 1979, Dec. 1979, Jan. 1980, Feb. 1980, Mar. 1980, Apr. 1980, May 1980, Jun. 1980, Jul. 1980, Aug. 1980, Sep. 1980, Oct. 1980, Nov. 1980, Dec. 1980, Jan. 1981, Feb. 1981, Mar. 1981, Apr. 1981, May 1981, Jun. 1981, Jul. 1981, Aug. 1981, Sep. 1981, Oct. 1981, Nov. 1981, Dec. 1981, Jan. 1982, Feb. 1982, Mar. 1982, Apr. 1982, May 1982, Jun. 1982, Jul. 1982, Aug. 1982, Sep. 1982, Oct. 1982, Nov. 1982, Dec. 1982, Jan. 1983, Feb. 1983, Mar. 1983, Apr. 1983, May 1983, Jun. 1983, Jul. 1983, Aug. 1983, Sep. 1983, Oct. 1983, Nov. 1983, Dec. 1983, Jan. 1984, Feb. 1984, Mar. 1984, Apr. 1984, May 1984, Jun. 1984, Jul. 1984, Aug. 1984, Sep. 1984, Oct. 1984, Nov. 1984, Dec. 1984, Jan. 1985, Feb. 1985, Mar. 1985, Apr. 1985, May 1985, Jun. 1985, Jul. 1985, Aug. 1985, Sep. 1985, 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Jul. 2031, Aug. 2031, Sep. 2031, Oct. 2031, Nov. 2031, Dec. 2031, Jan. 2032, Feb. 2032, Mar. 2

WORLD STOCK MARKETS

		1976		since completion	
May 30	May 25	High	Low	High	Low
\$ 244.26	\$51.95	\$85.45 (5/6)	742.12 (22/3)	1961.70 (11/173)	437.00 (5/7)
36.14	55.15	32.55 (4/11)	66.06 (5/8)		
\$ 294.99	\$28.70	\$51.50 (25/5)	192.51 (9/1)	279.48 (7/238)	18.00 (3/7)
104.17	104.47	118.58 (6/1)	102.24 (22/2)	186.32 (20/408)	62.00 (1/2)
\$ 21,000	\$ 21,410				

2007	2006	2005	2004	2003	2002	2001
107.06	108.78	110.85	95.32	794.84	1.1	1.1
		(6%)	(4%)	(111/77)	(30)	
96.30	96.63	98.25	95.30	125.35	1.6	1.6
		(6%)	(6%)	(111/77)	(1.6)	
May 17	May 10	Year ago (approx)				
4.85	5.04	4.51				
9.53	9.16	10.01				
8.42	8.43	7.67				

Rises and Falls			
		June 5	June 2-June 5
	Issues traded.....	1,914	1,839
	Rises.....	1,117	930
	Falls.....	438	838
	Unchanged.....	369	421
	New Highs.....	174	95
	New Lows.....	42	44
		1978	
June	May		

	1	31	High	Low
5	180.85	180.55	185.61 (23/5)	162.30 (16/5)
5	190.45	180.25	182.88 (23/5)	170.62 (30/5)
5	1128.5	1128.5	1157.3 (6/5)	988.2 (30/1)
	215.9	(c)	218.7 (1/2)	185.0 (20/2)
	225.0	(c)	225.1 (2/5)	184.5 (13/5)

		June '65	Pre- vious	1975 High	1975 Low
Spain	(a)	104.18	—	110.78 (96)	87.1 (8)
Sweden	(a)	369.89	371.36	397.95 (56)	329.5 (2)
Switzerland	(a)	232.7	239.8	323.7 (42)	279.5 (8)

Indices and base rates (all base
100 except NYSE All Common
Standards and Poors--10 and Treas
\$04-1,000, the last named based on
including bonds, 1,000 Inflation
1,000 Inds., 40 Utilities, 40 Finance
20 Transport. (c) Sydney All
(d) Belgian SE 31/12/63. (e) Copenhagen
SE 1/1/73. (f) Paris Bourse
(g) Commercebank Dec. 1953. (h) Bank
dam. Industrial 1970. (i) Hang
Bank SF 7/74. (j) Milan 2/1/73. (k) To
New SF. 4/1/76. (l) The Straits Times

June 6	Price Cruz	+ or —	Div. Cruz
Banco do Brasil	2.20	0.03	17

0.02	Unico Ital.....	1.25	0.37
0.02	delgo Minera OI.....	2.20	0.08
0.02	Luiza Amer. OP.....	3.55	+0.01
0.01	Petrobras PP.....	2.99	+0.02
0.02	Pirelli.....	1.70	-0.02
	Suiza Unif OP.....	5.10	+0.02
	Vale Rio Doce PP.....	1.50	1.23

Vol. Cr.127.8m. Shares: 60 lm.
Source: Rio de Janeiro SE.

OSLO

June 6	Price Kroner	+ or —	Div. %
Georgen Bank.....	94.5	9
Norwegian.....	85.5	— 0.5
Creditbank.....	108.0	— 0.5	11
Kjøbenhavn.....	210 m	— 17.5	20
Kreditkassen.....	105.75	+ 0.75	11
Norsk Hydrokr. af.....	188.25	+ 1.50	12
Storebrand.....	95.00 m	9

JOHANNESBURG			
June 6		Rand	+
	MINES		
0.02	Anglo American Corp.	5.15	+
0.10	Charter Consolidated	13.20	-
0.10	East Driefontein	12.80	-
0.01	Elsburg	1.90	-
0.01	Harmony	5.15	+
0.01	Kinross	13.80	-
0.01	Klond	3.80	-
0.01	Rustenburg Platinum	1.37	-
0.01	S. Africa		

0.05	Southwale	213.70
0.05	Gold Fields SA	21.90
0.05	Union Corporation	4.45
0.05	De Boers Deferred	3.95
0.05	Diffronsicht	5.30
0.05	East Rand Pty.	14.90
0.05	Free State Geduld	23.60
0.05	President Brand	14.90
0.05	Presidenti Smith	111.30
0.05	Silfontein	3.90
0.05	Welkom	4.40
0.05	West Driefontein	137.25
0.05	West	

02	Western Holdings	29.90
01	Western Deep	13.10
	INDUSTRIALS	
	AECT	5.33
	Anglo-Amer. Industrial	9.50
	Barlow Rand	3.65
	CNA Investments	1.75
	Currie Finance	8.06
	De Beers Industrial	18.30
	Edgars Consolidated Inv.	1.05
	Edgars Stores	24.00
	EverReady SA	1.65
	Federal Volksprovident	1.55

2.6	Grasertmans Stores	2.20	+
2.6	Guardian Assurance (SA)	1.90	0
2.2	Hutells	1.95	0
2.3	LTA	1.90	+
2.6	McCarthy Roadway	0.89	0
2.1	NedBank	2.43	0
2.7	OK Bazaars	6.35	0
2.7	Premier Milling	25.40	0
2.8	Pretoria Cement	12.75	+
2.8	Protea Holdings	1.29	0
2.9	Rand Mines Properties	1.89	0
2.9	Rembrandt Group	3.83	0
2.9	Retro	0.34	0

3.	Sage Holdings	1.10
2.	SAPPJ	1.82
1.	C. G. Smith Sugar	5.55
6.	S.A. Breweries	1.29
1.	Tiger Oats and Mill. Mfg.	0.40
1.	Unisee	1.03
2.	Securities Rand U.S.\$0.721	
2.	(Discount of 36.7%)	
9.	SPAIN ♥	

	June A	Per cent.
Asiatic	115	+ 1
Banco Bilbao	313	—
Banco Atlantico (1,000)	230	—
Banco Central	304	—
Banco Exterior	268	—
Banco General	288	—
Banco Granada (1,000)	156	—
Banco Hispano	220	—
Banco Ind. Cat. (1,000)	193	—
B. Ind. Mediterráneo	209	—
Banco Popular	241	+ 2
Banco Santander (250)	619	+ 5
Banco Urquijo	247	—

6	Banco Vizcaya	202	—
7	Banco Zaragozano	204	—
8	Bankunion	155	—
9	Banús Andaluza	210	- 3
0	Babcock Wilcox	29	—
1	CIC	80	+ 2
2	Draxman	290	+ 5
3	Immobanif	89	—
4	E. I. Aranzoness	60.50	- 2
5	Espanola Zinc	104	—
6	Expl. Rio Tinto	97.50	+ 6
7	Fersa (1,000)	73.50	+ 8
8	Felosa (1,000)	75	—
9	G. P. Preclados	88	+ 1

6	Grupo Volcanquez (480)	145	+
U	Hidroela	82.75	-
4	Hidruero	84.75	-
6	Alarra	122	+ 2
6	Papeleras Reunidas	80	+ 2
0	Petrolib	127	- 3
	Petroleo	210.50	- 1
3	Sarrio Papalera	60	- 1
3	Snice	50	-
3	Sociedad	125	-
7	Telefona	88	- 1
	Terras Hostench	98	- 2
4	Tubacex	108.75	- 0.2

CHANDLER ETC. 15. - 16.

**ORDER
TURN
NEW C
EXPOR
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BALAN

ASSETS:

1. LONG TERM
Fixed assets
Investments

2. CURRENT AS
Stocks + warr
Trade debtors
Liquid resources
Monetary Resources

Hes

un

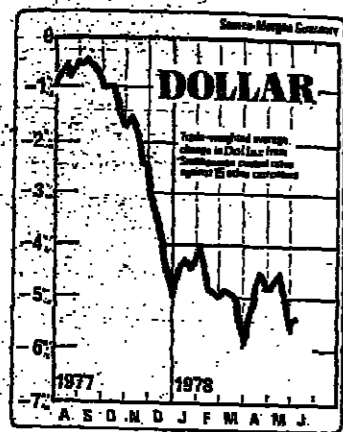
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Currency, Money and Gold Markets

Subdued trading

Conditions in yesterday's foreign exchange markets remained quiet with business at a generally low level. Sterling opened weaker at \$2.255-1.5188 in terms of the U.S. dollar and eased to low for the day at \$2.1860. Intervention by the Bank of England was detected although not on the same scale as Monday. In fact very little happened ahead of the afternoon publication of UK banking figures for mid-May and although these showed an increase in eligible liabilities of 1.4 per cent, the general market reaction was favourable mainly because of previous fears of a greater increase. Immediately after the announcement sterling jumped to \$2.3250-1.8280 and although this level was not held, the pound showed an improve-



meat at the close of 35 points to \$2.325-1.8285.

Events also registered a favourable reaction on forward sterling with the three-month discount against the dollar narrowing slightly to 1.47c from 1.50c while the 12-month also improved to 6.10c against 6.17c. Using Bank of England figures, the pound's trade weighted index rose from Monday's close of 61.1 to 62.3. The opening calculation was unchanged at 61.2 and the index showed an improvement at 61.2. The U.S. dollar opened marginally firmer but rumours of a weaker market in Switzerland, which had been boosting the dollar, were officially denied by Swiss authorities and consequently the U.S. currency staged a general decline. Against the Swiss franc, the dollar eased to Sfr1.9135 from Sfr1.931, and ing.

EXCHANGE RATE RATES

June 6	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canadian Dollar	Belgian Franc
Pound Sterling	1.0000	1.894	3.810	404.0	6.408	3.490	4.085	1674	2.040	59.65
U.S. Dollar	0.528	1.000	2.269	221.5	4.608	1.915	2.940	862.7	1.118	32.70
Deutsche Mark	0.262	0.479	1.000	106.0	2.307	0.916	1.072	415.0	0.535	15.56
Japanese Yen	2.475	4.518	4.431	100.0	30.81	9.539	10.11	349.5	3.049	147.6
French Franc	1.189	2.169	4.633	480.5	1.000	4.151	4.859	1672	2.486	70.95
Swiss Franc	0.528	0.525	1.093	113.8	2.409	1.000	1.170	450.9	0.584	17.09
Dutch Guilder	0.245	0.447	0.933	98.9	2.056	0.884	1.000	385.2	0.489	14.60
Italian Lira	0.656	1.159	2.431	269.8	5.345	2.518	2.596	100.0	1.296	37.91
Canadian Dollar	0.490	0.894	1.868	196.1	4.125	1.711	2.003	771.5	1.000	29.85
Belgian Franc	1.676	3.058	6.587	677.5	14.09	5.851	6.848	2658	3.419	100.0

EURO CURRENCY INTEREST RATES

June 6	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian \$	Japanese Yen
Short term	10-10%	7-8	7 1/2-7 3/4	4 1/2-4 3/4	1 1/2-1 1/4	3 1/2-3 1/4	10-10 1/2	0.05-0.10	7 1/2-7 3/4	5 1/2-5 3/4
Medium term	10-10 1/2	7-8	7 1/2-7 3/4	4 1/2-4 3/4	1 1/2-1 1/4	3 1/2-3 1/4	10-10 1/2	0.10-0.15	7 1/2-7 3/4	5 1/2-5 3/4
Long term	10 1/2-11	8-8 1/2	8-8 1/2	5-5 1/2	1 1/2-1 1/4	3 1/2-3 1/4	10-10 1/2	0.15-0.20	8-8 1/2	6-6 1/2
One year	12-12 1/2	8 1/2-8 3/4	8 1/2-8 3/4	5 1/2-5 3/4	1 1/2-1 1/4	3 1/2-3 1/4	10-10 1/2	0.20-0.25	8 1/2-8 3/4	6 1/2-6 3/4

Long-term Eurodollar deposits: two years 8 1/2-9 1/4 per cent; three years 8 1/2-9 1/4 per cent; four years 8 1/2-9 1/4 per cent. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs. Rates are nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

INTERNATIONAL MONEY MARKET

French interest rates ease

The recent easier trend in French domestic interest rates was reinforced yesterday by a cut in money market intervention rates by the Bank of France. The authorities bought Ffr 5.5bn at category paper at 7 1/2 per cent, compared with 7 3/4 per cent previously. All pension rates against Treasury bills and eligible medium-term paper were cut by the same amount. The Bank of France bought paper over two periods from June 16 to 20 and June 21 to 23, which leaves June 26 to 30 and July 1 to 5 as periods so far unserved. It is expected that the cut will increase pressure on commercial banks to reduce base rates from the present 9.5 per cent, and come a complete recent rise in U.S. interest rates. Brussels: Rates on two-month Belgian Treasury certificates were raised to 5.5 per cent from 5.4 per

UK MONEY MARKET

Market uncertain

Bank of England minimum lending rate 8 per cent (since May 12, 1978). While conditions remained generally dull, yesterday's London money market interest rates registered a firm tendency overall. This reflected not only uncertainty surrounding the mid-May banking figures but also the seeming inevitability of Government measures to tackle the problem of keeping money supply growth within official projections. Consequently, discount houses buying rates for three-month Treasury bills rose to 8 1/2 per

cent and on three-month paper to 8 3/4 per cent from 8 1/2 per cent. Rates on one-month certificates were unchanged at 8 1/2 per cent. The move was seen as adjusting the rates to money market conditions. At 5 1/2 per cent for two-month paper the previous rate was below two-month money market rates of 5 1/2 per cent, and on three-month certificates the old rate was also out of line with market rates of 5 1/2-5 3/4 per cent. The rise was not expected to signal any impending changes in key lending rates, with the discount and Lombard rates each standing at 5.5 per cent. TOKYO — Bills worth about ¥100bn have been traded on the Japanese capital market at 4.25 per cent, under a recently announced system aimed at liberalising short-term Japanese money rates. The scheme introduced last

week is to free the resale rate of bills which have passed on maturity. The rate of 4.25 per cent compares with 4.75 per cent for unconditional money, and for bills over two month-ends, both fixed through consultation with the central bank. NEW YORK — Treasury bill rates showed mixed changes, with 13-week bills rising to 6.61 per cent bid from 6.58 per cent earlier, while 26-week bills eased to 7.10 per cent from 7.11. One-year bills also declined to 7.31 per cent from 7.33 per cent. Federal funds were quoted at 7 1/2 per cent bid, compared with 7 3/4 per cent earlier. One-month certificates of deposit were unchanged at 7.30 per cent, while two-months fell to 7.41 per cent from 7.43 per cent, and three-months to 7.51 per cent from 7.53 per cent.

Discount houses paid around 8 per cent for secured call loans at the start and closing balances were taken anywhere between 7 per cent and 7 1/2 per cent. In the interbank market overnight loans opened at 8 1/2 per cent and eased to 7 1/2 per cent where they stayed until about 3 pm when rates fell away to close at 5 1/2 per cent. Rates in the table below are nominal in some cases.

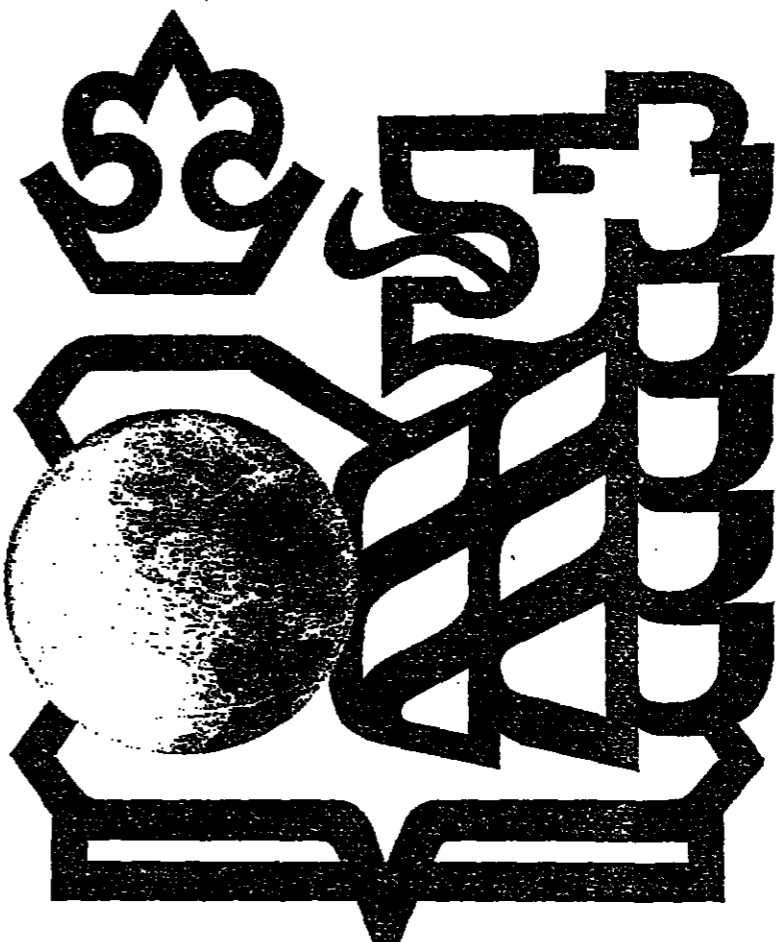
LONDON MONEY RATES

June 6	Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canadian Dollar	Belgian Franc
Overnight	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2
2 days notice	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2
7 days notice	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2
One month	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2
Three months	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2
Six months	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2
One year	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate normally three years 11 1/2 per cent; four years 12 1/2 per cent; five years 13 1/2 per cent; six years 14 1/2 per cent; seven years 15 1/2 per cent; eight years 16 1/2 per cent; nine years 17 1/2 per cent; ten years 18 1/2 per cent. Discount houses buying rates for one-month Treasury bills 8 1/2 per cent; two-month 8 1/2 per cent; three-month 8 1/2 per cent; four-month 8 1/2 per cent; five-month 8 1/2 per cent; six-month 8 1/2 per cent; seven-month 8 1/2 per cent; eight-month 8 1/2 per cent; nine-month 8 1/2 per cent; one-year 8 1/2 per cent. Discount houses selling rates for one-month Treasury bills 8 1/2 per cent; two-month 8 1/2 per cent; three-month 8 1/2 per cent; four-month 8 1/2 per cent; five-month 8 1/2 per cent; six-month 8 1/2 per cent; seven-month 8 1/2 per cent; eight-month 8 1/2 per cent; nine-month 8 1/2 per cent; one-year 8 1/2 per cent. Finance houses buying rates for one-month Treasury bills 8 1/2 per cent; two-month 8 1/2 per cent; three-month 8 1/2 per cent; four-month 8 1/2 per cent; five-month 8 1/2 per cent; six-month 8 1/2 per cent; seven-month 8 1/2 per cent; eight-month 8 1/2 per cent; nine-month 8 1/2 per cent; one-year 8 1/2 per cent. Finance houses selling rates for one-month Treasury bills 8 1/2 per cent; two-month 8 1/2 per cent; three-month 8 1/2 per cent; four-month 8 1/2 per cent; five-month 8 1/2 per cent; six-month 8 1/2 per cent; seven-month 8 1/2 per cent; eight-month 8 1/2 per cent; nine-month 8 1/2 per cent; one-year 8 1/2 per cent.

مَكْزَا مِنَ الْأَصْلِ

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Now size, we grant you, isn't all it takes to handle the worldwide needs of today's multi-nationals and governments.

But with size comes the expertise, the experience and the fast decision-making that it does take. Not just for basic international banking, but for project financing, Euro-currencies, import/export deals and the entire spectrum of international financial transactions. So, if you have the feeling that your needs extend beyond your existing bank relationships, contact us. The Royal Bank, At (01) 606-6633 in London, 266-90-30 in Paris or (0600) 726 051 in Frankfurt. Even if your international business doesn't involve Canada. And especially if it does.

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Results for 1977.

	1976	1977	Increase	%
Capital & Reserves, after distribution of profits.	35,602.1	37,313.1	1,711	4.80
(Million Pesetas)				
Deposits (Million Pesetas).	461,557.1	560,909.6	99,352.5	21.53
Loans (Million Pesetas).	311,710.2	379,994.4	68,284.2	21.90
Investments Portfolio (Million Pesetas).	74,982.4	79,062.7	4,080.3	5.44
Net Profit (Million Pesetas).	5,257.4	5,520.8	263.4	5.01
Profit Available for Distribution (Million Pesetas).	3,782.4	3,816.7	34.3	0.90
Net Dividend per Share (Pesetas).	52.1	53.3	1.2	2.30
(Maximum permitted by law)				
Number of Branches.	737	902	—	—
Number of Shareholders.	139,639	179,631	39,992	28.64

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1 £ = 153.720 pesetas (30-12-77)



BANCO DE BILBAO

STOCK EXCHANGE REPORT

Dull late trend in Gilt-edged after banking figures

Industrial leaders edge higher—Index up 3.2 at 477.7

Account Dealing Dates
Option
First Declared Last Account
May 15 May 25 May 26 Jun. 7
May 30 Jun. 8 Jun. 9 Jun. 20
Jun. 12 Jun. 22 Jun. 23 July 4

"New time" dealings may take place from 1.30 a.m. two business days earlier.

The after-hours announcement of the eagerly-awaited banking figures for mid-May prompted an easier late trend in the Gilt-edged sector, but had little impact on the equity leaders which held on to initial small improvements.

After a dull and nervous start, when prices eased fresh by an 1/8 and occasionally more, gilts encountered some bear closing and at the official close earlier losses were replaced by widespread gains ranging to 1/4. The late tone, however, was soon affected by a poor reception to the banking figures.

By way of contrast, the majority of the equity leaders closed around the day's best. Scattered small offerings were easily absorbed by the odd useful buying order and the FT 30-share index gradually edged higher during the course of the day to close with a gain of 3.2 at 477.7. The volume of trade, however, was generally quiet, with official markings of 4,444 showed no change on Monday's and very little on the week-ago 4,573.

Elsewhere in the equity sectors, bid speculation was again evident and overseas-based stocks often made progress in line with a fresh advance in the dollar premium. Investment trusts, particularly those with an mid-May content, also recorded some useful gains, interest here being enhanced by the sharp overnight improvement on Wall Street; the FT-Actuaries index for the sub-group gained 0.9 per cent to 200.29 compared with a rise of 0.5 per cent to 216.71 in the All-Share index.

Gilt rally halted

A technical rally in the Gilt-edged market quickly came to a halt yesterday when the banking figures for mid-May became known. Sentiment in the earlier dealings was again uncertain, but the covering of bear positions after the recent downward drift pushed the market to higher levels. By the official close, initial losses were more than recouped and prices were shown improvements ranging to 1/8 in the shorts and to 1/4 in the later maturities. The final tone, however, turned distinctly dull and opening quotations were expected to be lowered today.

From Monday's lowest total so far of 250 contracts, the numbers of deals in London Traded Options yesterday improved to 209. The volume of trade again left much to be desired but Land

Securities claimed a good deal of attention following the results and were the most active with 80 contracts recorded, while Court-aids were close behind with 80 followed by Shell, 50, and GEC, 57.

Behind Wall Street advice, buyers came again for the investment currency premium and helped to push the rate forward again in thin conditions to a close of 112 per cent, a rise of 3 on yesterday's conversion factor was 0.6763 (0.6868).

The expected follow-through in demand for C. D. Bramall failed to materialise and in a relatively quiet trade the shares firmed 2 1/2 compared with the placing price of 75p.

Comp. Insurances up

Publicity given to a broker's bullish yearly review helped Composite Insurances to make headway. Royal put on 3 to 382p and General Accident added 4 at 218p. Elsewhere, C. E. Heath hardened 1 1/2 to 270p as Pearl put on 3 to 222p, while Fidi put on 4 to 222p.

Late publication of the mid-May banking statistics failed to stir the major clearing Banks which had traded quietly around the day's best. NatWest closed 2 dears at 272p and Midland 3 better at 338p. Reflecting investment currency premium influences, foreign issues generally made good progress. Allgemeine added 2 1/2 to 112 1/2, while Hong Kong and Shanghai ended 9 up at 230p.

Still anticipating potential benefits from the Bass Charrington decision to market the company's Highland Queen brand, Macdonald Martin Distilleries rose 30 to 430p for a three-day gain of 30. Amalgamated Distilled Products, however, ended 3p before closing 4 cheaper on balance at 38p. Breweries were idle and little changed.

After a hesitant start, selected Buildings issues made progress in a continuation of the previous day's quiet trade. Marchewit put on 12 to 310p on the imminent instigation of the capital reorganisation plans. Against the trend, Tibury Contracting eased 6 to 290p. Jaxcock Johnson added 2 to 290p following news of the acquisition of the U.S. company Marion Brick, while the forecast of continued growth by the chairman prompted a rise 3 to 64p in W. and J. Glasson. Monk closed 3 dears at 100p on speculative buying following Saint Piran's increased share stake, but Johnson-Richards gave up a similar amount to 91p.

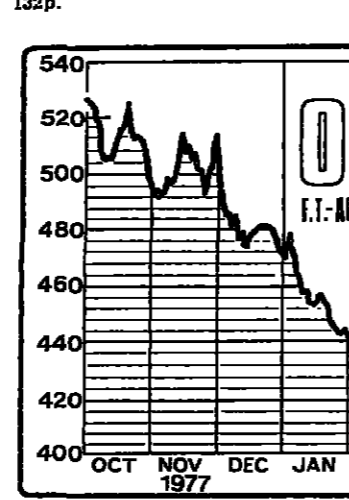
After initial caution, ICI firmed 4 to 392p and Fisons 3 to 357p. Elsewhere, Craig and Rose put on 30 to 430p in a thin trade following

ing the results, but Carless Capel shed a penny to 34p on the lower profits.

In Cinemas, Westward Television firmed 1 1/2 to 261p on small buying.

Phillips Lamp good

Phillips Lamp featured Electricals with a rise of 37 to 982p in sympathy with the improvement in the dollar premium. Substantially higher interim profits lifted Comet Radiovision 6 to 122p.



Stores were looking a little better in the late trade following the final April retail sales figures. A. G. Stanley rose 6 to 126p for a two-day rise of 11. Sellcours hardened 1 1/2 to 34p on Press comment and the chairman's statement, but further consolidation of the interim figures clipped 5 more from Martin the Newsagent at 242p. NBS Newsagents reacted 4 to 106p in sympathy.

Small irregular price movements were the order of the day among the Engineering leaders after a small trade. Hawker continued firmly at 222p, up 2, but Tubes reversed 3 to 360p. Revolver Industries edged forward a penny to 73p on the rejection of Redman Heenan's cash offer of 65p per share, while Fluidrive, which is currently in receipt of a bid worth 74p per share from Thomas Tilling, improved 2 1/2 more to 79p.

Tate and Lyle, interim figures next Thursday, revived with a rise of 4 to 174p in lack-lustre Foods. Morgan Edwards continued to attract speculative interest and rose 2 to 37p for a two-day improvement of 6. Linford were also 2 higher, at 140p, following news that Guinness Peat had increased its shareholding but Associated British Foods, a firm market of date, eased a penny to 69p.

Savoy A featured Hotels and Caterers, improving 4 to a 1978 peak of 87p as bid hopes revived. Rowton hardened 2 to 170p on the increased profits, while other firm spots included Reo, Stalks, 1 1/2 up at 50p, and Ladbroke, 3 better at 193p.

192p, and Unilever, 520p, both closed with gains of 4, while Press Corporation hardened 3 to 223p. Wadhams Stringer held at 43p following news of its decision to take on a Vauxhall/Bedford main dealership.

In newspapers, Thomson closed 7 to the good at 255p in response to the chairman's confident remarks concerning future earnings, and News International found support and rose 5 to 243p. Elsewhere, McCorquodale put on 3 to 270p ahead of today's figures and Lisher-Walker rose 8 to 38p on renewed interest in a thin market. In contrast, speculative favourite Mills and Allen shed 10 to 153p.

Properties passed a quiet session awaiting the annual figures from Land Securities which stood a couple of pence higher at 215p before the announcement, but immediately eased 2 1/2 to 212p in response to the chairman's statement on future earnings, and News International found support and rose 5 to 243p. Elsewhere, McCorquodale put on 3 to 270p ahead of today's figures and Lisher-Walker rose 8 to 38p on renewed interest in a thin market. In contrast, speculative favourite Mills and Allen shed 10 to 153p.

Small buying in anticipation of today's preliminary figures lifted Harris and Crossfield 12 to 482p, while S. and W. Borsford were raised 5 to 135p ahead of next Thursday's results. After the recent sharp fall on the Tanzanian situation, Lombar eased 5p before closing without alteration at 60p. James Finlay were slightly easier at 345p following the results and capital proposals.

Overseas issues made the running in a firm investment Trust sector on a combination of Wall Street and currency influences. Arco Investments rose 4 to 145p, while Selected Risk Investments, 420p, and U.S. Trust Fund, 645p, put on 30 apiece. Roberto hardened a point to 581p as del Rolino, to 547. Gains of around 4 were seen in City and London-registered issues. Anglo Alliance Trust, 185p, while Channel Islands Capital improved

the industry's prospects. Dana 20 to 540p. In Financials, renewed speculative interest, left London European 2 up at 29p. P and O Deferred dominated proceedings in Shipping, closing 3 better at 100p, after 101p, following a good two-day business in front of today's annual meeting.

Higher earnings failed to sustain Farland "A", which eased 3 to 78p in quiet trading. Nova Jersey, a recent speculative favourite, lost a like amount at 47p, but William Reed edged up a penny to 90p on the chairman's statement on future trading. BAT Industries provided a dull spot in Tobacco, losing 3 to 335p on selling following adverse publicity given to the company's sale of high-tar cigarettes in third-world countries.

The early-morning announcement that the bid from Harris and Crossfield had been made unconditional led to a rise of 6 to 96p in Harris and Crossfield. Guthrie cheapened 3 to 317p ahead of tomorrow's annual results. Elsewhere, Warren jumped 12 to 234p with sentiment buoyed by the sharp advance in the coffee price.

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The early-morning announcement that the bid from Harris and Crossfield had been made unconditional led to a rise of 6 to 96p in Harris and Crossfield. Guthrie cheapened 3 to 317p ahead of tomorrow's annual results. Elsewhere, Warren jumped 12 to 234p with sentiment buoyed by the sharp advance in the coffee price.

Properties passed a quiet session awaiting the annual figures from Land Securities which stood a couple of pence higher at 215p before the announcement, but immediately eased 2 1/2 to 212p in response to the chairman's statement on future earnings, and News International found support and rose 5 to 243p. Elsewhere, McCorquodale put on 3 to 270p ahead of today's figures and Lisher-Walker rose 8 to 38p on renewed interest in a thin market. In contrast, speculative favourite Mills and Allen shed 10 to 153p.

Overseas issues made the running in a firm investment Trust sector on a combination of Wall Street and currency influences. Arco Investments rose 4 to 145p, while Selected Risk Investments, 420p, and U.S. Trust Fund, 645p, put on 30 apiece. Roberto hardened a point to 581p as del Rolino, to 547. Gains of around 4 were seen in City and London-registered issues. Anglo Alliance Trust, 185p, while Channel Islands Capital improved

FINANCIAL TIMES STOCK INDICES

	June 6	June 5	June 4	June 3	June 2	June 1	May 31	May 30	A Year Ago
Government Secs.	68.83	68.79	68.36	69.90	70.13	69.92	68.83	68.83	68.83
Fixed Interest	70.73	70.65	71.35	71.70	71.77	71.79	70.73	70.73	70.73
Industrial Ordinary	47.77	47.45	47.65	47.85	47.85	47.85	47.77	47.77	47.77
Gold Mines	155.93	156.04	152.7	160.8	158.1	157.4	155.93	155.93	155.93
Ord. Div. Yield	5.58	5.58	5.58	5.53	5.58	5.58	5.58	5.58	5.58
Earnings Yld (incl. Div.)	16.19	16.28	16.17	16.43	16.46	16.46	16.19	16.19	16.19
P/E Ratio (incl. Div.)	8.29	8.24	8.27	8.19	8.19	8.19	8.29	8.29	8.29
Dealings market	4,644	4,864	4,998	4,881	4,842	4,879	4,644	4,644	4,644
Equity turnover 2m.		39.56	37.98	38.54	38.49	38.49	39.56	39.56	39.56
Equity bargain total		14,529	15,068	15,474	15,394	15,394	14,529	14,529	14,529
10 am 44.4	10 am 44.4	10 am 44.4	10 am 44.4	10 am 44.4	10 am 44.4	10 am 44.4	10 am 44.4	10 am 44.4	10 am 44.4

OFFSHORE AND OVERSEAS FUNDS

51	Arbuthnot Securities (Ct.) Limited	King & Shaxson Mgrs.		
52	100, 200, 300, 400, 500, 600, 700, 800, 900, 1,000, 1,100, 1,200, 1,300, 1,400, 1,500, 1,600, 1,700, 1,800, 1,900, 2,000, 2,100, 2,200, 2,300, 2,400, 2,500, 2,600, 2,700, 2,800, 2,900, 3,000, 3,100, 3,200, 3,300, 3,400, 3,500, 3,600, 3,700, 3,800, 3,900, 4,000, 4,100, 4,200, 4,300, 4,400, 4,500, 4,600, 4,700, 4,800, 4,900, 5,000, 5,100, 5,200, 5,300, 5,400, 5,500, 5,600, 5,700, 5,800, 5,900, 6,000, 6,100, 6,200, 6,300, 6,400, 6,500, 6,600, 6,700, 6,800, 6,900, 7,000, 7,100, 7,200, 7,300, 7,400, 7,500, 7,600, 7,700, 7,800, 7,900, 8,000, 8,100, 8,200, 8,300, 8,400, 8,500, 8,600, 8,700, 8,800, 8,900, 9,000, 9,100, 9,200, 9,300, 9,400, 9,500, 9,600, 9,700, 9,800, 9,900, 10,000, 10,100, 10,200, 10,300, 10,400, 10,500, 10,600, 10,700, 10,800, 10,900, 11,000, 11,100, 11,200, 11,300, 11,400, 11,500, 11,600, 11,700, 11,800, 11,900, 12,000, 12,100, 12,200, 12,300, 12,400, 12,500, 12,600, 12,700, 12,800, 12,900, 13,000, 13,100, 13,200, 13,300, 13,400, 13,500, 13,600, 13,700, 13,800, 13,900, 14,000, 14,100, 14,200, 14,300, 14,400, 14,500, 14,600, 14,700, 14,800, 14,900, 15,000, 15,100, 15,200, 15,300, 15,400, 15,500, 15,600, 15,700, 15,800, 15,900, 16,000, 16,100, 16,200, 16,300, 16,400, 16,500, 16,600, 16,700, 16,800, 16,900, 17,000, 17,100, 17,200, 17,300, 17,400, 17,500, 17,600, 17,700, 17,800, 17,900, 18,000, 18,100, 18,200, 18,300, 18,400, 18,500, 18,600, 18,700, 18,800, 18,900, 19,000, 19,100, 19,200, 19,300, 19,400, 19,500, 19,600, 19,700, 19,800, 19,900, 20,000, 20,100, 20,200, 20,300, 20,400, 20,500, 20,600, 20,700, 20,800, 20,900, 21,000, 21,100, 21,200, 21,300, 21,400, 21,500, 21,600, 21,700, 21,800, 21,900, 22,000, 22,100, 22,200, 22,300, 22,400, 22,500, 22,600, 22,700, 22,800, 22,900, 23,000, 23,100, 23,200, 23,300, 23,400, 23,500, 23,600, 23,700, 23,800, 23,900, 24,000, 24,100, 24,200, 24,300, 24,400, 24,500, 24,600, 24,700, 24,800, 24,900, 25,000, 25,100, 25,200, 25,300, 25,400, 25,500, 25,600, 25,700, 25,800, 25,900, 26,000, 26,100, 26,200, 26,300, 26,400, 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39,000, 39,100, 39,200, 39,300, 39,400, 39,500, 39,600, 39,700, 39,800, 39,900, 40,000, 40,100, 40,200, 40,300, 40,400, 40,500, 40,600, 40,700, 40,800, 40,900, 41,000, 41,100, 41,200, 41,300, 41,400, 41,500, 41,600, 41,700, 41,800, 41,900, 42,000, 42,100, 42,200, 42,300, 42,400, 42,500, 42,600, 42,700, 42,800, 42,900, 43,000, 43,100, 43,200, 43,300, 43,400, 43,500, 43,600, 43,700, 43,800, 43,900, 44,000, 44,100, 44,200, 44,300, 44,400, 44,500, 44,600, 44,700, 44,800, 44,900, 45,000, 45,100, 45,200, 45,300, 45,400, 45,500, 45,600, 45,700, 45,800, 45,900, 46,000, 46,100, 46,200, 46,300, 46,400, 46,500, 46,600, 46,700, 46,800, 46,900, 47,000, 47,100, 47,200, 47,300, 47,400, 47,500, 47,600, 47,700, 47,800, 47,900, 48,000, 48,100, 48,200, 48,300, 48,400, 48,500, 48,600, 48,700, 48,800, 48,900, 49,000, 49,100, 49,200, 49,300, 49,400, 49,500, 49,600, 49,700, 49,800, 49,900, 50,000, 50,100, 50,200, 50,300, 50,400, 50,500, 50,600, 50,700, 50,800, 50,900, 51,000, 51,100, 51,200, 51,300, 51,400, 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145,700, 145,800, 145,900, 146,000, 146,100, 146,200, 146,300, 146,400, 146,500, 146,600, 146,700, 146,800, 146,900, 147,000, 147,100, 147,200, 147,300, 147,400, 147,500, 147,600, 147,700, 147,800, 147,900, 148,000, 148,100, 148,200, 148,300, 148,400, 148,500, 148,600, 148,700, 148,800, 148,900, 149,000, 149,100, 149,200, 149,300, 1			

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75	1. Paterson River, E.C.	01-246-3300		Rothschild Asset Management (C)	
76	Airports	US\$20.00	2.57	P.O. Box 58, St. Julien, C. Guernsey, G81 2BZ	
77	Banking	US\$20.00	2.57		
78	Chemicals	US\$20.00	2.57		
79	Food	US\$20.00	2.57		
80	Flowers	US\$20.00	2.57		
81	General	US\$20.00	2.57		
82	Industrial	US\$20.00	2.57		
83	Insurance	US\$20.00	2.57		
84	Medical	US\$20.00	2.57		
85	Real Estate	US\$20.00	2.57		
86	Services	US\$20.00	2.57		
87	Transportation	US\$20.00	2.57		
88	Utilities	US\$20.00	2.57		
89	Other	US\$20.00	2.57		
90	Total	US\$20.00	2.57		

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BUILDING SOCIETY INTEREST RATES

SHERBORN		LAWRENCE COLUMBIANA	
51	(18-87 2322)	51	(18-865 2321)
52	2nd Corners on High Road,	52	1st Corners on Cash Road.
53	1/2 mi. north S.W. 1/4 Sec. 1.	53	1/2 mi. S.W. 1/4 Sec. 1.
54	1st Corners 1/4 Sec. 2322, Sharns, Accounts 1/2 Sec.	54	1st Corners 1/4 Sec. 2321, Sharns, Accounts 1/2 Sec.
55	Sharns, 1/4 Sec. 2322, 1/2 mi. S.W. 1/4 Sec. 1.	55	Sharns, 1/4 Sec. 2321, 1/2 mi. S.W. 1/4 Sec. 1.
56	Sharns, 1/4 Sec. 2322, 1/2 mi. S.W. 1/4 Sec. 1.	56	Sharns, 1/4 Sec. 2321, 1/2 mi. S.W. 1/4 Sec. 1.
57	Sharns, 1/4 Sec. 2322, 1/2 mi. S.W. 1/4 Sec. 1.	57	Sharns, 1/4 Sec. 2321, 1/2 mi. S.W. 1/4 Sec. 1.
58	Sharns, 1/4 Sec. 2322, 1/2 mi. S.W. 1/4 Sec. 1.	58	Sharns, 1/4 Sec. 2321, 1/2 mi. S.W. 1/4 Sec. 1.
59	Sharns, 1/4 Sec. 2322, 1/2 mi. S.W. 1/4 Sec. 1.	59	Sharns, 1/4 Sec. 2321, 1/2 mi. S.W. 1/4 Sec. 1.
60	Sharns, 1/4 Sec. 2322, 1/2 mi. S.W. 1/4 Sec. 1.	60	Sharns, 1/4 Sec. 2321, 1/2 mi. S.W. 1/4 Sec. 1.

INSURANCE

PROPERTY—Continued**INV. TRUSTS—Continued****FINANCE, LAND--Continued**[illegible]**MINES—Continued**

CENTRAL AFRICA

High	Low	Stock	Price	Net	Chg	Gr's
10	155	Falcon Rh 50c	185	Q50c	1.3	23
24	15	Rhone's Corp. 12 1/2p	16 1/2	+1/2	0.56	7.1
80	52	Roan Cons. K4	75	-3		5.2
95	122	Tanganyika 50p	162	Q10.0		6
90	78	Da. Pres. 80p	90	Q9 1/2	16.4	8
81	32	Wauke Col. Rh 1	36	Q7 1/2	1.4	17.4

AUSTRALIAN

52	64	Bogomir 50a	10	Q8c	1.4	2
53	64	Bogomir 50a	10	Q8c	1.4	2
54	64	Bogomir 50a	10	Q8c	1.4	2
55	148	Coronel Buzajo 50c	238	Q10c	7.7	27
56	72	G. M. Kalipour 30c	54	Q8c	1.4	2
57	81	Hampton Aeras 5p	131	Q15	4.1	1.1
58	40	Melrose Ex. 50c	35	Q15	1.4	1.1
59	125	M. H. Hides 50c	212	Q9c	1.7	2
60	100	Mound 10c	100	Q15	1.4	1.1
61	1	Northwell 10c	51	Q8c	1.5	3
62	26	Northwell 10c	51	Q8c	1.5	3
63	79	Norham Hill 50c	126	Q11c	1.9	4
64	154	N.H. Kalpur 10c	161	Q11c	1.9	4
65	117	Oriskany 5A 1	15	Q11c	1.9	4
66	58	Patric 10c	40	Q11c	1.9	4
67	750	Patric 10c	413A	Q11c	1.9	4
68	12	Parraga MEX. 5p	35	Q11c	1.9	4
69	310	Peko-Walting 50c	127	Q15c	4.0	1.4
70	84	West. Walting 50c	198	Q15c	4.0	1.4

$$\begin{array}{r|l} 26 & \dots \\ 350 & \dots \end{array}$$

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CONFIDENTIAL
REF ID: A60500 - 98 - 1

MISCELLANEOUS							
17	9	Burns Mines 17-2p.	15				
00	220	Cons. Murch. 10c	230		Q30c	26	7.
40	245	Northgate CSI	440				
28	146	RTZ	228		9.5	2.8	6.
16	2	Sabine Mines CSI	22				
42	750	Tara Expts. SI	\$11.2	+			
45	43	Tekint Minerals 10p.	173		133	6	4.
75	120	Yukon Cons. CSI	472		Q7c	29	1.

NOTES

Unless otherwise indicated, prices and net dividends are in U.S. dollars. Dividends are in U.S. cents. Dividends are calculated on the basis of the number of shares outstanding at the time of payment. Dividends are based on latest annual reports and accounts, where possible, are updated on half-yearly figures. P/E ratios are calculated on the basis of the average price of the stock over the 12 months preceding the dividend payment. The difference is calculated as "mid-price" distribution. Costs are based on "maximum" distribution. Dividends are based on middle prices, are gross, adjusted to ACT of 4 per cent, and allow for value of declared distributions and taxes. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

marked thus have been adjusted
or cash.
issued or resumed

* Interest since reduced, passed or deferred.
 * Tax-free to non-residents on application.
 * Figures or report awaited.
 * Unrelated security.
 * Price at time of suspension.
 * Indicated dividend after pending scrip and/or rights issue.
 * Power relates to previous dividend or forecast.
 * Free of all tax duty.
 * Nerve bit of reorganisation in progress.
 * Not comparable.
 * Name interim: reduced final and/or reduced earnings indicated.
 * Forecast dividend; cover on earnings updated by latest interim statement.
 * Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
 * Dividend for shares which may also rank for dividends at a future date. No 1/2 rate usually provided.

Dividend rate paid or payable on dividend on

[illegible]

or other official estimates based on prospectus or fund and yield based

* "Extra Issues" and "Rights" Page 38

throughout the United Kingdom
per annum for each se

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are quoted on the Irish exchange.

Shany Inv. 20p	23	Sheff. Rptrshtmt.	52
	25		Sindall (Wm.)	85

~30	Conv. 9° = 80.82.
....	Alliance Gas....

[illegible]

CAPTIONS

3-month Call Rates			
Lib. pri's			
Brew	6 1/2	Imps	20
Cement	9	L.C.	20
S.R.	15	Inverses	8
Atbrook	11	KCA	3
Relay-Bank	25	Ladbrook	17
		Tube Invest.	30
		Unlever	35
		Utd. Drapery	17 1/2
		Vickers	75
		Woolworths	5

London Brick	4	E.P.
Porto	5	Intreun
	5	Land

Turn Inds.	25	M.F.P.s	12
Loving's Inds.	10	Peachey	8
Hams	7	Samuel Props.	9
Stoke & Spence	1	Town & City	1 1/2
Standard Bank	1		
S.E.I.	1	OILS	
Nat West Bank	12		
No Warrants	10	Brit Petroleum	45
D.D.	8	Burmah Oil	5
Plasma	8	Charterhall	28
S.H.M.	5	Gulfstream	20

and Mot.	9	Rank Org. A.	18	Cr. Mgmt.	16
U.S. A.	20	Reed Int'l.	10		
Hardman	18	Spillers	3	Wines	
R.N.	22	Tesco	4	Charter Cons.	12
Walker Spid.	20	Thorn	22	Cons. Gold	14
U.S. of Frac.	12	Trust Houses	15	Rio T. Zinc	16

A selection of Options traded is given on the
 London Stock Exchange Report Page

West German Minister quits over kidnap

BY JONATHAN CARR

BONN, June 6.

HERR WERNER MAIHOFFER, the West German interior minister, resigned today—taking responsibility for errors in the hunt last year for the industrialist, Dr. Hann-Martin Schlöyer, and the terrorists who kidnapped and subsequently murdered him.

Herr Maihofer's action comes two days after a severe setback for his liberal Free Democratic Party in provincial elections, a blow to which Herr Maihofer's accumulated misfortunes in office are felt to have contributed.

Chancellor Helmut Schmidt today praised Herr Maihofer for his fairness, humanity, and for taking responsibility in a matter where others were involved in error. A report released last week-end, on the hunt for Dr. Schlöyer, criticised by implication not only Herr Maihofer but also a provincial Interior Minister and the Federal Criminal Bureau.

However, Herr Maihofer, aged 59, has been steadily losing support both within his own party and in his partner in the Federal Coalition Government, the Social Democrats.

Ten Left-wing members of the SPD recently called on him to step down because members of the Federal Border Protection Force, which comes under his responsibility, had been taking the names of those at airports found in possession of "Left-wing" literature.

A year earlier Herr Maihofer was also at the centre of an investigation involving the bugging of the

home of an atomic scientist suspected of having contact with terrorists.

These affairs have eroded the widespread respect in which Herr Maihofer was held when he took over the Interior Ministry in May, 1974.

He is the third Minister in West German history to resign widely regarded as one of the most disappointing, and heart-breaking, in Bonn. Its responsibilities range from sport and environmental protection to nuclear reactor safety and the war on terrorism.

Distinction

Herr Maihofer, earlier a law professor at the universities of Saarbrücken and Bielefeld, was long seen as a father of modern German liberalism. He provided much of the intellectual distinction in a programme giving the FDP a clear identity instead of a somewhat vague outline as a coalition partner for Social or Christian Democrats.

As Minister for Special Tasks in the cabinet of the former Chancellor, Herr Willy Brandt, he also played a key role in the search for a coalition compromise on worker co-determination in German industry.

No successor to Herr Maihofer has so far been named. As a small party, collecting only 7.9 per cent of the vote at the last election, the FDP has distinct problems in finding new Cabinet-quality personnel.

Tax relief for self-employed who work abroad

By John Hunt, Parliamentary Correspondent

THE GOVERNMENT last night agreed to a Conservative amendment to the Finance Bill increasing tax relief for self-employed people who spent part of their time working abroad.

The Budget proposed that self-employed who work overseas for at least 60 days in the year can, for tax purposes, deduct 25 per cent of the profits from the trade attributable to the number of days worked abroad in the year of assessment.

As a result of last night's surprise move in the Finance Bill committee, the qualifying period is to be halved. This brings the self-employed into line with employed people who were given a similar 30-day concession in last year's Finance Bill.

The Government concession was seen as another example of the influence of Mr. Harold Lever, Chancellor of the Duchy of Lancaster, in his campaign to persuade the self-employed that the Labour Government is not hostile to them.

Announcing the concession, Mr. Robert Sheldon, Financial Secretary to the Treasury, told the committee: "This will be well received as evidence of our intentions concerning the efforts of the self-employed and those who contribute so much to our international involvement in trade."

Parliament, Page 10

Owen demands decision on MPs' salaries

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT
LUXEMBOURG, June 6.

DR. DAVID OWEN, the Foreign Secretary, called today for an early decision on the EEC Council of Ministers on the level of salaries to be paid to members of the future directly-elected European Parliament.

He suggested that the issue should be tackled in earnest when Foreign Ministers of the Nine meet later this summer to confirm the date for the first set of direct elections, provisionally scheduled to take place between June 7-10 next year.

Allowances

Dr. Owen coupled his demand with a strong warning that there was no question of fixing European MPs' salaries at a level near the top end of the range of salaries paid to members of national parliaments of the Nine. German MPs are the best paid in the EEC, receiving a basic salary of DM54,000 (about

£21,900) a year, plus office and staff allowances. British MPs are close to the bottom of the list, earning a basic salary of £5,270 a year, with an allowance of £2,534 if they represent an out-of-London constituency, and a secretarial allowance of up to £3,687.

Dr. Owen warned that any move to fix European MPs' salaries much above the national level in Britain would cause resentment in Westminster and could unleash strong wage inflation pressures throughout the UK public sector.

He favoured paying European MPs a salary close to the British level and topping this up with allowances to cover their living and working expenses outside the UK. They should pay tax to the British Government, unlike British citizens employed by the European Commission, who are taxed at a modest rate by the EEC.

Continued from Page 1

BTR move into U.S.

emerged on Sunday evening. BTR said last night that the agreement it had reached was not conditional on the outcome of its planned offer for the rest of the shares. It is, however, subject to certain technical conditions.

The U.S. directors will recommend formal acceptance of the BTR offer to a board meeting tomorrow, but the final outcome of the take-over is still in the balance.

BTR needs little more than 18 per cent more to gain a controlling holding.

The Worcester group, whose chief products are ball valves and associated pneumatic and electric actuators for the chemical and oil process, paper and other industries, had sales in the year 1976-77 of \$51m, from which there were earnings of \$2.9m; in the following six months, to February 1978, sales were at the higher rate of \$30m.

THE LEX COLUMN

Gilt-edged await an initiative

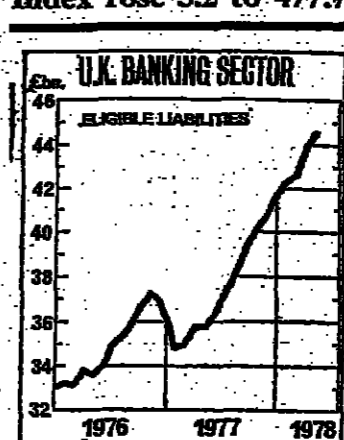
The eligible liabilities of the banking sector rose, roughly as the market has been expecting, by some 1.4 per cent in the May banking month. There is, moreover, strong evidence that the recently more buoyant trend of bank lending to the private sector has been reversed, with a rise of £307m in sterling advances by the clearing banks, in a month which seasonally would be expected to show a fall.

As always, it is dangerous to draw a direct parallel between the cleaners and the banking sector as a whole, for often the non-clearers show a quite different pattern while money market factors also play an important role (this month, for instance, the cleaners' holdings of commercial bills, an alternative form of lending, fell back). But it seems likely that the money supply, on the sterling M3 measure, will show a rise at least of the order of 1 per cent, compared with an official target equivalent to 0.8 per cent. And this will happen despite the impact of the substantial support for sterling towards the end of calendar April, implying a large element of external finance in banking May.

Hardly any gilt-edged have been sold in recent weeks, and domestic credit expansion is bound to be running at an excessively high rate. The figures will confirm the gilt-edged market in the view that some initiative will have to be taken by the authorities to get the funding programme under way again. There is much talk of the reimposition of the banking "corset" which would at least give the City the impression that the monetary targets are being taken seriously. There is an increasing build-up of institutional liquidity which on the right signal would be moved heavily into the taps at around current yield levels. Conversely, if there is no official reaction the gilt-edged market will take another turn for the worse.

Why the City has taken the corset so close to its heart is, however, a bit of a mystery. It is a largely cosmetic device designed to make the figures look better, but it appears that the gilt-edged market is merely opting for the best it can realistically hope for in the pre-tax political climate. Quite apart from the electioneering aspects of current economic management, the Treasury will be unwilling to embark upon

Index rose 3.2 to 477.7



now because it has enough profits to stand it. In other words, it may go back to the old ways at some future time if more sensible accounting methods have not been agreed for property companies in the meantime. Incidentally, the company is easing in the change over two years. For 1978, development interest goes in below the line, next year it will be pre-tax.

At 215p the shares look fairly valued at a lower than average discount—29 per cent on the March valuation—while the yield is in line with the sector at 3.7 per cent.

De La Rue

The momentum of De La Rue's profits growth has slowed down in the second half of 1977-78—a period which took in some exceptionally profitable contracts 13 months earlier. But the year's outcome is still up to best hopes at £28.3m, pre-tax against a comparable £23.1m, and progress of a similar order is in view this year.

Two-fifths of the group's sales and half its profits now come from banknotes, where De La Rue claims to control almost three-quarters of an available international market worth roughly £60m. Profitability varies from year to year depending on the timing of contracts but the underlying trend appears attractive—a 10 per cent a year—and heavy investment in new capacity is under way. Elsewhere the Crosf businesses are at last justifying their acquisition four years especially on the graphics where profits have quadrupled to £2.5m. De La Rue has steadily widened its range of products for the colour printing industry, and sees this as growth area.

The overall return on capital is around a third before interest, and would have been higher before last autumn's rights issue. Questions about the need for funding are reinforced by the news that spending is being comfortably covered by cash flow, and that the group now has net cash of £18m and no long-term gearing.

Yet the shares have now recovered all the lost ground, and rose another 6p to 333p yesterday. The yield of 4.6 per cent is well covered by both historic cost and Hyde-style earnings, but the shares may need a little time to consolidate their recent strength.

Land Securities

Land Securities' annual property revaluations are eagerly awaited in the property sector. So yesterday's news that the company's properties had appreciated by no less than 21.6 per cent in the year to end March—giving it a portfolio valued at almost £1bn—will have come as a welcome relief. The other feature of yesterday's preliminary statement which may send a slight shiver through the sector is Land Securities' decision to abandon the practice of capitalising development interest and other expenses through a transfer from capital reserve. (This is one of the more popular methods by which property companies succeed in getting tax relief on these development charges). Land Securities makes no secret of the fact that it is only leaving development interest in the p and i account

Rothmans increases cigarette prices

BY STUART ALEXANDER, INDUSTRIAL STAFF

PRICE INCREASES on most cigarettes produced by Carrozzeria Rothmans, which now claims more than 14 per cent of the UK market, were announced yesterday.

The move comes as British-American Tobacco is offering heavy discounts on its State Express 555 brand in its efforts to break into the UK market.

State Express can be bought for as little as 43p for 20 compared with the recommended retail price of 55p.

Many other king size brands are also available at reduced prices through the other major companies. Imperial Tobacco's W.D. & H.O. Wills and John Player, and Gallaher, are being less active during the BAT launch.

Rothmans is to put up a pack immediately onto Piccadilly King Size and Dunhill King Size, though at 54p and 53p they will still be cheaper than the recommended price of most competitors.

Increases of 2p a pack will follow in July on most other

Rothmans brands, except Rothmans King Size and Consulate No. 2, which went up in March. The move was described by Mr. Kirkland Blair, managing director of Carrozzeria Rothmans, as essential for more realistic profit margins and a step towards less "wheeling and dealing" in the tobacco trade.

"Most brands in the market place are underpriced, mainly because manufacturers have been frightened to make price increases in such a competitive market," said Mr. Blair.

"We now look to other manufacturers to follow our lead in providing a more realistic level of prices, a reduction in the wheeling and dealing which takes place at the moment, and significantly increased trade margins," he said.

No comments were made by other manufacturers yesterday but Gallaher, which makes Benson and Hedges and Silk Cut, said it had always been against price-cutting. Imperial said it would be happy to see the market settle down.

News Analysis Page 7

Moser leaving Whitehall for new career in City

BY PETER RIDDELL

SIR CLAUD MOSER, director of the Central Statistical Office, is to leave Whitehall for the City later this year, four years before he was due to retire.

He will become vice-chairman of N. M. Rothschild and Sons, the merchant bank, and a director of the Economist newspaper.

Sir Claus, 56, is the latest in a lengthening list of senior civil servants who have gone into banking, either after the Whitehall retirement age or in their mid-50s. The most recent examples have been Sir Ronald Macintosh, former director of the National Economic Development Office, and Warburg, and Sir Derek Mitchell of the Treasury to Guinness Mahon.

Unlike Sir Derek, Sir Claus is leaving on good terms with the Prime Minister and the Government. He commented yesterday that he was moving while still young enough for a new career and to avoid "running out of steam" in his present position.

Sir Claus has headed both



Sir Claus Moser

the Central Statistical Office and the Government Statistical Office for the past 11 years, and is widely credited with the key role in expanding their activities and the range of their publications.

He was approached about both his new post in the City and his new post in the City months ago by Mr. Evelyn de Rothschild, who is both a vice-chairman of the bank and chairman of the Economist.

Sir Claus said he had always believed it was desirable for public servants to move into the private sector. At Rothschild's he is likely to be particularly involved with the corporate finance side, while at the Economist he will become chairman of the Economist Intelligence Unit in succession to Mr. Ian Trafford.

Sir Claus will retain his close involvement with the musical world, notably as chairman, as for the last four years, of the board of the Royal Opera House, Covent Garden.

He will be succeeded on August 1 at the Central Statistical Office by Mr. A. J. Boreham, at 52, present deputy director. The head of the CSO, which is within the Cabinet Office, is a Second Permanent Secretary.

N. M. Rothschild announced yesterday that Mr. Ivor Kennington, a director who was closely involved with the rescue of Slater Walker, had been appointed a vice-chairman of the bank.

Men and Matters Page 22

British Shipbuilders win £14m order for two new vessels

BY IAN HARGREAVES

PIRAEUS, June 6.

BRITISH SHIPBUILDERS today unveiled a series of new standard ship designs by announcing a £14m order for two of them. The contracts, from an unnamed Greek owner based in the UK, are for two SD18 multi-purpose cargo ships which will be built at the Austin and Pickersgill shipyard, Sunderland, for delivery in the mid-1980s.

The design is a slightly larger version of the highly successful SD14, the 100ft of which will be launched on Wearside in the next few weeks. An 18,000 deadweight ton vessel, it has a relatively shallow draft capable of service in the Canal of Suez, Lawrence Sea-way trade.

The new order is the first won by Austin and Pickersgill since it became part of the State-owned British Shipbuilders, a shipbuilding intervention fund. This gives backing to the often repeated claim of Mr. Derek Kimber, Austin and Pickersgill's chief executive, that because of his yard's highly automated series production techniques, it is still able to compete on prices with its international rivals.

The contract price for the ships is, however, unlikely to include much, if any, margin for profit. An attractive credit package

will no doubt be arranged for the Greek owner, but British Shipbuilders' officials stressed that this would be within the terms laid down by the Organisation for Economic Co-operation and Development.

Mr. John Parker, head of marketing with British Shipbuilders, said that recent improvements in the grain markets had improved confidence among shipowners and consequently lifted the level of inquiry for new ships.

"I am certain that we have produced these new ship designs at just the right time. In the next 12 months, the Greek shipowners will again start to order ships," he said.

The other new designs unveiled yesterday are an SD9, 9,000 deadweight ton multi-purpose cargo vessel, also from Austin and Pickersgill, a mark two version of the Clyde 19 cargo liner from Govan, and a 265,000 cubic foot refrigerated cargo ship from Smith's dock of Middlesbrough.

Mr. Gerald Kaufman, the UK Industry Minister who is in Athens for the Posidonis Shipping Exhibition and for talks with the Greek Government, also announced an agreement yesterday which he claims will help Britain to sell ships to the Greeks.

He said that Mr. Emmanuel Rafailoyannis, the Minister of Merchant Marine, had agreed that in future the Greek Government would pass to Britain early market intelligence of the Greek

merchant fleet's new building requirements.

It is unlikely that this will have dramatic results as Greek owners are renowned for their resistance to disclosing information to the authorities, but Mr. Kaufman said the arrangement would have special value when Greek State agencies, such as the National Railway, came to order new ferries.

Application

Mr. Kaufman reaffirmed the Government's intention of giving maximum support for British Shipbuilders' marketing efforts through the intervention fund. He said that at present there was only one application on his desk for a slice of the £7m remaining in the fund and that this was from a British owner.

This is thought to refer to an order for ferries placed with Harland and Wolff.

Mr. Anthony Chandra, president of the Union of Greek Shipowners, today renewed his attack upon the decision by the London insurance market to place a heavier weighting on hulls of more than 15 years.

This measure, effective next month, will particularly affect the Greeks because the age of their fleet is much older than the average. According to last year's figures, 57 per cent of Greek registered ships were aged over 10 years and 18 per cent over 20 years.

World Shipping News Page 6

Weather

U.K. TODAY
RATHER CLOUDY, bright early in E., some rain spreading from W.

London, S.E., E. Anglia
Bright at first, rain in places later. Max. 19C (66F).

Cent. S. England, Midlands, Channel Is.
Cloudy, rain, sunny intervals. Max. 18C (64F).

S.W. England, S. Wales
Cloudy, rain or drizzle, fog patches. Max. 18C (64F).

W. Wales, N. Wales, N. Ireland
Dry at first, rain later. Max. 13C (55F).

Outlook: Rain, sunny intervals, cooler.

The pollen count was 21, higher than on Monday but still low.

HOLIDAY RESORTS

Beirut	23	24	75	Milan	23	27	81	59
Belfast	23	16	61	Montreal	23	25	77	81
Bombay	23	16	61	Moscow	23	16	61	61
Buenos Aires	23	27	79	Munich	23	25	77	81
Cardiff	23	17	69	Newcastle	23	18	64	64
Cebu	11	61	61	New York	23	19	67	67
Dakar	23	24	73	Paris	23	19	67	67
Dhaka	23	24	73	Perth	23	12	59	59
Dublin	23	10	81	Porto	23	12	59	59
Edinburgh	23	17	69	Reykjavik	23	7	45	45
Geneva	23	16	61	Rio de Janeiro	23	24	74	74
Helsinki	23	24	73	Singapore	23	24	74	74
Hong Kong	23	24	73	Slobo	23	24	74	74
London	23	15	60	Stockholm	23	18	64	64
Lyons	23	15	60	Sydney	23	24	74	74
Manchester	23	15	60	Toronto	23	27	80	80
Frankfurt	23	28	82	Toronto	23	27	80	80
Glasgow	23	24	73	Taipei	23	24	74	74
Havana	23	24	73	Tokyo	23	19	63	63
Hong Kong	23	23	72	Toronto	23	19	63	63
Los Angeles	23	24	73	Vancouver	23	24	74	74
London	23	24	73	Vancouver	23	24	74	74
Lyons	23	24	73	Vancouver	23	24	74	74
Madrid	23	24	73	Vancouver	23	24	74	74
Manchester	23	24	73	Vancouver	23	24	74	74
Moscow	23	24	73	Vancouver	23	24	74	74
Mumbai	23	24	73	Vancouver	23	24	74	74
Nairobi	23	24	73	Vancouver	23	24	74	74
Paris	23	24	73	Vancouver	23	24	74	74
Rangoon	23	24	73	Vancouver	23	24	74	74
Reykjavik	23	24	73	Vancouver	23	24	74	74
Rome	23	24	73	Vancouver	23	24	74	74
Singapore	23	24	73	Vancouver	23	24	74	74
Stockholm	23	24	73	Vancouver	23	24	74	74
Toronto	23	24	73	Vancouver	23	24	74	74
Winnipeg	23	24	73	Vancouver	23	24	74	74
Zurich	23	24	73	Vancouver	23	24	74	74